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THE EFFECT OF TAX INCREMENT FINANCING DEVELOPMENT ON HOUSING AFFORDABILITY IN HOUSTON, TEXAS

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by

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THE EFFECT OF TAX INCREMENT FINANCING DEVELOPMENT ON HOUSING AFFORDABILITY IN HOUSTON, TEXAS

By

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Tax Increment Financing (TIF), which is called TIRZ in Texas, has become a popular, if controversial, economic development tool used by local jurisdictions across the country. TIF has been used for a variety of purposes and its efficacy has not been widely studied. The few studies on TIF's effectiveness have been concentrated in the Midwest. This report specifically evaluates the effect of TIF development on housing affordability in Houston, Texas. This work broadly focuses on how TIF district designation and new development in these districts affect overall land and housing costs and thus the supply of affordable housing units in the districts.

The City of Houston has historically been averse to formal land use planning such as zoning, but it has enthusiastically embraced TIRZ district creation to raise property values and for the purpose of general "economic development." This aggressive use of this mechanism in Houston raises critical questions about the purpose and effects of TIRZ financing on the overall tax base and trends in general tax revenues available to meet citywide needs.

During the time period examined, 2000-2016, three of the four districts saw substantial increases in housing costs and all showed increases in the number of households burdened by those costs. TIF-related investments were not allocated directly to stimulate the development of new affordable housing units in any of the four districts. Improved transparency is needed to evaluate the efficacy of TIRZ financing as an economic development tool.

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Chapter 1 – Introduction and Overview

Tax Increment Financing

Tax Increment Financing (TIF) has become a popular and sometimes controversial economic development tool used by local jurisdictions across the country. It has been embraced by many municipal officials and often encouraged by the consulting and development industries. A TIF district is comprised of a small, geographically defined area within a city that devotes the future growth of tax revenues above an initial baseline measurement (a tax increment) to physical infrastructure projects or improvements within that district.

Traditionally, state statutes have required that evidence of prior disinvestment or “blight” be shown before a district can be created. Typically, there must also be a finding that “but for” the Tax Increment Financing, development would not occur within the district. A major critique of TIF projects is that the definition of “blight” and related criteria for TIF creation are often vague and not carefully evaluated or monitored. The premise behind the tool is that developers would not be interested in building in these “blighted” areas without significant infrastructure improvements. Hence, a higher perceived development risk must be offset by upfront investment for improvements to be shared by the governmental entity and the developer.

Economic development has many definitions. It can be defined as narrowly as increasing property values, or as broadly as improved community well-being. Failure to define this concept through a set of specific desired outcomes has lead TIF to become all things to all people. As a result, measuring the success of specific TIF initiatives and projects has been difficult and often controversial.

Research Questions

This report evaluates the effect of TIF development on housing affordability. Broadly, how does TIF district designation and new development in these districts affect overall land and housing costs in the districts and thus the supply of affordable housing units in the districts? Related to this fundamental question the specific research questions I will investigate in this Professional Report will be:

1. Have TIF-related investments been allocated directly or indirectly to stimulate the development of new affordable housing units in the districts?

2. How many new affordable housing units have been built in new developments in TIF zones?

3. Accounting for the development of new affordable housing units, has TIF zone designation and new development increased overall land and housing costs in the zones and, if so, has this led to a net decrease in affordable units in the zones over time?

To address these questions, I will focus on TIF districts (Called Tax Increment Reinvestment Zones or TIRZs) in Houston. The City of Houston has historically been averse to formal land use planning such as zoning, but it has enthusiastically embraced TIRZ district creation to raise property values and for the purpose of general "economic development." (Elliott, 2016) Twenty-seven districts have been instituted in Houston since the early 1990's with varying stated purposes.

At the same time, Houston has been widely criticized for not effectively addressing its affordable housing needs. The Houston Housing Authority has been accused of gross mismanagement, including having "lost" millions of dollars that had been intended for affordable housing programs. (Morris, 2017) The city has also been criticized for concentrating affordable housing developments in disadvantaged neighborhoods. (Elliot, 2017) Recently, Houston Local Initiatives Support Corporation and Rice University's Kinder Institute for Urban Research produced a Houston and Harris County Housing Conversation Report that recommended creating a comprehensive affordable housing plan based upon robust community engagement. (Houston LISC, 2017) Adequately providing affordable housing in Houston will clearly take a collaborative, purposeful and sustained effort on the part of many entities, but TIRZ districts could be part of that effort. If increasing property values is the main goal of TIRZ projects, without a designated affordable housing funding stream used within these districts, housing affordability could be negatively affected within Houston's many TIRZ areas.

I will examine four of Houston's TIRZ districts in this research. I will focus on land and housing costs and the net number of affordable housing units over the respective life spans of these TIRZs. These four particular districts were chosen because they were all created about the same time and are all located near large job centers. In this proposal I will refer to the districts as A, B, C and D.

The four cases are also distinct, with two districts exhibiting high property values and the other two having low property values when the districts were formed. Districts A (Uptown) and B (Upper Kirby) had higher median residential property values in the year 2000 ($393,517 and $380,507, respectively, adjusted to 2015 dollars) than the Harris County median of $117,394 (in 2016 dollars) at the time of their creation (Census 2000). Districts C (OST/Almeda) and D (Southwest) had lower median residential property values ($78,269 and $111,909, respectively, in 2016 dollars) than the county median at the time of their creation (Census 2000). District B had higher residential rents than the countywide median, while Districts A, C, and D had lower median residential rents than the countywide median. (Census 2000) Hence, the first two TIRZ districts formed seemed to have solid, and even robust ongoing development prospects at their inception, while areas C&D offered circumstantial evidence of lagging development and below median residential values.

Research Methods

To address these questions via an examination of the four Houston TIRZ district cases, I will draw upon a number of sources and data. The Biennial Registries of Reinvestment Zones for Tax Abatements and Tax Increment Financing reports produced by the Texas Comptroller provide a directory of TIRZs in Texas, but offers little detailed information of TIF goals or financial outcomes. To get more detailed information I will first gather data on the four designated TIF zones including dates when they were designated, TIF zone boundaries and areas, their Project Plan and Reinvestment Zone Financing Plan, and all annual reports filed by the TIF zone boards of directors. I will also review relevant documents of City government and other participating jurisdictions pertaining to TIF decisions or discussions.

Second, I link the four TIF district geographies to key Census and appraisal district data for the years prior to, and after the TIF districts became operational. Mapping the zones to census and housing data will allow for an analysis of the redevelopment rationale for the TIFs and their effects on housing affordability and characteristics of neighborhood change.

In addressing the key research questions, I will provide insights into some larger issues related to this development tool. I will explore the broader question of whether short term projects in particular zones supported by public investments so that projects will "pencil" for developers represent the most effective or equitable use of public funds, especially related to housing access and affordability. The long-term commitment of tax revenue to small geographic areas may divert tax revenue from the common pool of general funds revenues that could inhibit the city's ability to respond to evolving circumstances and priorities.

Outline of the Work

In the second chapter I will first provide a brief history of TIF including its evolution and how it is used in Texas. I will then examine discussions in the literature concerning TIF's effects on affordable housing. I will further illustrate how TIRZs have been implemented in Houston which will include their history, goals, geography, and their relationship to Houston's housing issues. In chapter 3, I examine more closely the case study areas including their stated purposes, goals, financial architecture, investment activities and changes in tax base prior to and since inception. In chapter 4, using Census and Appraisal data, I will analyze TIRZ's effect on affordable housing for each case study area. I will conclude this chapter with recommendations of how to address the loss of affordable housing using TIRZs. In a summary final chapter, I will outline key findings and offer some recommendations about better structuring TIFs to ensure more development and retention of affordable housing options in these communities.

Chapter 2 – Tax Increment Financing: Mechanisms and Rationales

Tax Increment Financing (TIF) was created as a tool to help finance redevelopment in urban areas that had experienced protracted periods of underinvestment or disinvestment, often referred to as “blighted areas”. TIF was first used in California in the 1950’s as a way to raise funds to match federal redevelopment money provided under the 1949 Housing Act. It became a widespread urban development financing tool as categorical and block grant federal funding to local governments was severely reduced in the 1980's. (Briffault, 2010)

For economic development purposes, elected officials often find it easier to defend TIF to their constituents than direct expenditure or tax abatements targeted to specific firms or developers. In addition, TIF can be used to get around municipal limits applicable to general obligation debt because they are considered revenue bonds. (Briffault, 2010) TIF can also be used to side step revenue caps, as they can, in some cases, be considered independent units of government, separate from cities or other jurisdictions. (Hicks, 2015) Despite a lack of conclusive evidence of efficacy in many cases, TIF use has continued to spread over the past two decades. (Williams, 2016)

While the regulatory frameworks governing TIF vary significantly from state to state, certain statutory elements are common. State statutes still typically require that there be a finding of “blight”. Blight has come to mean " "underdeveloped" or lacking the physical or legal preconditions for further economic development." (Briffault, p.78) Under this fairly expansive definition of blight, TIF has become “an all-purpose local government tool for financing public investment in market-oriented development rather than simply a mechanism for combatting blight." (Briffault, p.72) The local government entity responsible for determining if blight exists is also the same body sponsoring the TIF project. It is not surprising, then, that consultants’ determinations of the appropriateness and viability of TIF in selected zones are frequently not questioned by the governments that hire them. (Lefcoe, 2011) The same is true for the presumably crucial ‘but for test.’ Many state statutes require a finding that development would likely not occur without the injection of public funds for improvements in a proposed TIF zone.

Yet there is typically limited scrutiny or independent assessment of ‘but for’ arguments justifying a special need for added public investment in specific places or districts. (Lefcoe, 2011) The statutory “but for” causation requirement is rarely a significant obstacle. It’s practically difficult to prove ‘but for’ the TIF, development would not occur. Due to the difficulty and vagueness associated with projecting future development prospects, courts usually uphold redevelopment authorities’ blight and “but for” determinations. (Erickson, 2011)

Traditional economic development goals of raising living standards or decreasing dependency have changed as local budget pressures have grown. The need to increase revenues pushes many local governments to encourage retail (often big box stores) and to avoid multi-family housing to minimize school and other social service costs. This also tends to encourage the use of TIF in areas with the biggest potential for revenue gain, rather than in areas with the largest need for investment. (LeRoy, 2008)

Once a municipality starts using TIF as a major development tool it is difficult to pause and seriously evaluate whether a particular district is meeting its development goals. A number of TIF districts have a kind of mission creep, and are sometimes extended beyond their original life span to accommodate expanded plans. For example, as of 2018 only one of Houston’s twenty-seven districts has been closed after accomplishing the goals laid out in its creation documents and plans. According to their respective websites, many Houston TIF (TIRZ) districts have already had their lifespans extended, including Uptown TIRZ #16 and Upper Kirby TIRZ #19.

A 1998 review of Redevelopment Authorities in California found that, overall, property value growth within districts was not enough to be considered self-financing (Dardia,1998). In other words, during the period studied in California, the tax revenue diverted from the other taxing bodies was not replaced by the new tax revenue generated by increased property values within the district. Some critics have suggested TIF may not be best suited to accomplish economic development goals beyond raising property values. (Greenbaum, 2014) Furthermore, there has been very little study of what practices distinguish successful TIF districts from unsuccessful cases. (Bartels, 2011) Additionally, it is difficult to prove that development that occurred after the creation of a TIF district would not have happened without the TIF.

However, there have been a few studies that have found correlations between property value growth and specific TIF projects in certain cities. A disproportionate number of studies have been focused on TIFs in the Midwest and it is not known if TIFs elsewhere will follow similar patterns. (Williams, 2016)

A study of Chicago area neighborhood TIFs, which the authors define as multi-property TIFs with a community development focus, found higher property values in districts where commercial, school, and park projects had been undertaken. (Sands, 2007) A 2002 study by Neighborhood Capital Budget Group in Chicago found that TIF works well when initial property values within the chosen district are lower than other parts of the city or are growing more slowly. (Nolan, 2002) In 2006 B. C. Smith found that TIF designation was linked with multifamily property value growth in Chicago. A study of Minneapolis single family properties found an increase in property values in correlation to proximity to a TIF district. (Gilika, 2009) Allowing more intensive land uses (e.g. up zoning) can increase property values. (Weber, 2012) Infill projects increase tax revenues when property that was formerly tax-exempt is made taxable, or abandoned buildings or derelict properties are rehabilitated in appreciating neighborhoods. When these conditions are present, TIF creation and promised improvements are a signal to developers and speculators to consider and evaluate investment in the specific zones (Weber, 2012).

A recent study looked at the impact of TIF districts on property value and job growth in Dallas and Houston. The author found that being in a TIF district had a negative impact on employment compared to non-TIF areas in each city. In the four TIF districts that were studied in Houston, there was a positive impact on property value growth attributable to the respective TIFs. In contrast, the author found that although each TIF had positive property value growth in

Dallas, the TIF designation itself had a negative impact on the property value growth. The author attributed this finding to poor choice of district location. (Williams, 2016)

While the basic premise of TIF is that an upfront, publicly supported investment will lead to subsequent appreciation of property values and related tax revenues, the existing research on Tax Increment Financing and housing outcomes is thin. Existing studies largely do not directly address TIF's impact on housing affordability. The few studies that do examine the correlation between TIF and residential property value increases are geographically clustered and are too few to make meaningful predictions about how TIF will affect housing values elsewhere. TIF rules vary from state to state and may be used differently from city to city within each state making it necessary to compare TIFs within one city before one can draw any meaningful conclusions.

TIF in Texas

After a couple of failed attempts at passing tax increment finance enabling legislation in the late 1970's, a TIF bill was passed by the Texas legislature and then approved by voters in a 1981 state referendum. School districts, property taxpayer groups, and unions were vocally opposed to TIF's use, believing cities would starve other local governments of needed tax revenue (Arvidson, 2001). Since 1989 each local taxing body has been able to decide for itself if it wanted to participate in the TIRZ district by contributing its future increment. Not all states allow taxing authorities to opt out of TIF participation.

Some states require that "blight" be shown before a district can be created, but the definition of "blight" and related criteria for TIF creation are often vague and not carefully evaluated or monitored. The Texas statute does not use the term "blight," but does indicate a TIF designation should be in a zone with "a substantial number of substandard, slum, deteriorated, or deteriorating structures." TEX. TAX CODE § 311.005(1)(A). The Texas version of "but for" is "if the governing body determines that development or redevelopment would not occur solely through private investment in the reasonably foreseeable future." TEX. TAX CODE § 311.003(a). The Texas statutes can be seen as generally permissive in terms of the redevelopment rationales.

In Texas, a Tax Increment Finance District is called a Tax Increment Reinvestment Zone, or TIRZ. A TIRZ can be initiated by a city council or by petition of landowners who own at least 50% of the appraised value of real property within the proposed district. TEX. TAX CODE § 311.005(a)(4). TIRZ districts can be created with an initial life span of as many as thirty years, with an option to extend the time period subsequently. Several Houston TIRZs have already extended to forty years.

The TIRZ boards are able to make decisions for incremental tax revenue spending that would have otherwise been made by elected officials and with public input. Each participating taxing unit, besides the initiating municipality, may appoint a Board Member. TEX. TAX CODE § 311.009(a) Members of the Board of Directors are appointed for two-year terms, but do not have term limits. Board of Directors' seats are limited to property owners and their agents if the district was created by a property owner petition. TEX. TAX CODE § 311.009(e)(2). This means only owners of real property are given a say in how TIRZ-collected tax money is spent. When contemplating the creation of a district, Texas law only requires that public hearings be held for TIRZ district authorization (whether or not the zone should exist and its boundaries). TEX. TAX CODE § 311.003(c) The terms of the district, such as the life span, are not subject to public comment.

Texas' Tax Increment Financing Act gives municipalities the ability to use sales tax and use taxes generated in the reinvestment zone to pay project costs and retire bond debt in addition to the property tax increment. TEX. TAX CODE ANN. § 311.0123. Taxes collected within the TIRZ district can also be spent outside of the TIRZ boundary. TEX. TAX CODE § 311.003(b).

Certain limitations imposed upon TIRZ districts frequently result in irregularly shaped districts. Large cities' TIRZ districts cannot include more than 25% of the city's total appraised value of taxable real property within TIRZ boundaries. TEX. TAX CODE § 311.006(a)(2)(A). Each district is also limited in the percentage of residential property it can contain. But TIRZ districts are now permitted to include non-contiguous land within their boundaries. TEX. TAX CODE § 311.003(a).

TIF did not become a popular tool in Texas until the late 1990's. Some scholars speculate that the tool did not catch on until the property owner-initiated petitions were allowed and the private sector felt comfortable to begin developing after the slump of the 1980's was over. (Arvidson, 2001) A survey taken in 1997 found that there were thirty-one TIRZs in Texas. (Arvidson, 2001) By the year 2007 that number had grown to 135. (Texas Comptroller, 2008) According to the Texas Comptroller's 2016 Biennial Registries of Reinvestment Zones for Tax Abatements and Tax Increment Financing report there were 220 active TIRZs in Texas in 2015. Cities in 40 of the 254 counties participated.

Looking through the report, it appears that Houston keeps its TIRZ districts open longer than other cities. An example of this is San Antonio which had created thirty-two TIRZs as of the 2016 Biennial Report (2015). San Antonio had closed eleven of these TIRZs by this time. Another example is College Station that had created nineteen TIRZs as of the 2016 Biennial Report and only had two still in use. As mentioned before, Houston has created twenty-seven TIRZs and has only closed one as of 2018. This probably means other cities are more likely to form their TIRZs for discrete purposes and then close them when that purpose is achieved. Houston's tend to have project plans that are amended multiple times and maybe have their lifespans extended as well.

TIRZ use is now widespread across Texas, but it is difficult to know if the districts have been effective in achieving their stated goals. Only in 2001 did the Legislature begin requiring that each TIRZ regularly report basic financial information to the state government. The Biennial Registries of Reinvestment Zones for Tax Abatements and Tax Increment Financing reports produced by the Texas Comptroller provide only rudimentary information, leaving an incomplete picture of the state of each TIRZ.

TIF's original purpose, to target development into neglected neighborhoods, has evolved into more of an all- purpose economic development tool in Texas cities and counties. The expanded economic development aims were codified in 2005 when the Texas Legislature gave the TIRZ board of directors the ability to establish programs to develop and diversify the economy and to eliminate unemployment and underemployment within the zone, among other economic development purposes. TEX. TAX CODE § 311.010(h). These new goals have also given TIRZ proponents more arguments to support their formation and continued use. (Hill, 2015) It is difficult to prove or disprove the claims made by these TIRZ governance boards with the information that has been readily available, especially with regard to affordable housing.

TIF and Affordable Housing

It has been argued that TIF would be most effective if coordinated with a comprehensive economic development plan for a city or county. (Coffin, 2013) An expansion of this argument would require that TIF districts with aspirations beyond economic development (such as providing affordable housing) should be coordinated with a municipality's comprehensive plan. However, this integration with larger scale city planning frameworks does not seem common in Texas. In particular, since TIF is premised on the idea that up-front public investment in an area will lead to increases in the property tax base through higher property values, it is crucial to investigate how TIF district designation and investment activity relate to a city's affordable housing needs and objectives.

There has been an historical pattern of inadequately addressing the needs of those whose homes or rental units are lost or become unaffordable as a result of redevelopment initiatives. The Housing Act of 1949, which provided federal funding for slum clearance, did not require that the low-income housing that was removed be replaced with new affordable housing. (Erickson, 2011). With a few exceptions, there continue to be limited protections for displaced low-income residents today.

California's newest TIF statutes do address many of the low-income housing issues related to TIF usage. California's Enhanced Infrastructure Finance Districts (EIFDs) require a replacement housing plan that must replace any lost affordable housing units and relocate all displaced occupants. (CALED, 2017) Any developed affordable housing must provide long-term affordability covenants. California's Community Revitalization and Investment Authorities (CRIAs) must replace any lost affordable units within 2 years and 25% of the tax increment collected must go to a Low and Moderate-Income Housing Fund. (CALED, 2017) The Texas TIF statute requires only minimal thought be given to residents that might be displaced by redevelopment. The redevelopment plan is required only to make a statement concerning the proposed method for relocation of displaced residents. TEX. TAX CODE ANN. § 311.011.

The Housing and Community Development Act of 1974 created Community Development Block Grants (CDBGs) which allowed for more local control over how redevelopment money was spent. "As direct federal subsidies were removed, project feasibility began to be determined by capital markets rather than by federal criteria." (Quinones, p.705) Money available from CDBGs has dwindled over the last several decades, requiring that local governments raise more redevelopment funding themselves. (Briffault, 2010) Redevelopment efforts have also moved from being concerned with residential redevelopment to concentrating on economic redevelopment with a focus on commercial and industrial growth. (Gordon, 2004)

Affordable rental units lost in redevelopment processes are rarely fully replaced without intentional policies requiring their replacement. In many cities the only affordable housing is either subsidized or older class C market units. Many affordable units were affordable because they were old and in poorer condition. Affordable housing supply has not kept up with demand. (Houston and Harris County Housing Conversation Report, 2017)

The consequences of displacing low-income residents can be devastating personally and economically. If market affordable housing units are destroyed without being replaced, the market for the remaining affordable units will become tighter, adding to the financial costs borne by those dislocated. If there are not enough affordable units available, families may be forced into new areas remote from their former communities and/or into more overcrowded or unsafe living conditions. The distance between new and old housing may make it difficult to keep existing jobs and social networks. (Bezdek, 2006)   When low income tenants are forced to move to other impoverished neighborhoods the new neighborhoods' poverty concentrations, and the resulting burdens, further increase. (Quinones, 1993) This can increase citywide inequality.

Each locality's political climate, policy priorities, and market conditions influence how it uses TIRZs. Although TIRZs are given the latitude to address many economic development issues, Texas's heavy reliance on property taxes makes property value increases the frequent overarching goal. A consequence of higher land values, without any intervention, is higher rents. Assuming no other variables change, higher rents negatively affect housing affordability.

Like other cities in Texas, Houston's development has been heavily influenced by the "growth machine" which has led to a sprawling footprint, among other outcomes. Houston sets itself apart from the others with its large size and lack of zoning. The city's aversion to coordinated, central planning has contributed to the TIRZs' independence and longevity, further distinguishing TIRZ usage in Houston. As seen in Table 1, below, there are currently 26 designated TIRZ districts in the City of Houston. The city has clearly relied heavily on this tool for urban development objectives. This aggressive use of this mechanism raises critical questions about the purpose and effects of TIRZ financing on the overall tax base and trends in general tax revenues available to meet citywide needs.

Table 1. List of City of Houston Tax Increment Reinvestment Zones

TIRZ name	Date Creation Ordinance Signed
1. Lamar Terrace	12/12/1990
2. Midtown	12/14/1994
3. Market Square	12/13/1995
4. Village Enclaves (terminated in 2013)	9/25/1996
5. Memorial Heights	12/18/1996
6. Eastside	1/15/1997
7. OST/Almeda	5/7/1997
8. Gulfgate	12/10/1997
9. South Post Oak	12/17/1997
10. Lake Houston	12/17/1997
11. Greenspoint	8/26/1998
12. City Park	12/2/1998
13. Old Sixth Ward	12/22/1998
14. Fourth Ward	6/9/1999
15. East Downtown	7/7/1999
16. Uptown	7/7/1999
17. Memorial City	7/21/1999
18. Fifth Ward	7/21/1999
19. Upper Kirby	7/21/1999
20. Southwest Houston	12/15/1999
21. Hardy/Near Northside	12/17/2003
22. Leland Woods	12/23/2003
23. Harrisburg	10/19/2011
24. Greater Houston	12/18/2012
25. Hiram Clarke/ Ft. Bend Houston	8/7/2013
26. Sunnyside	11/10/2015
27. Montrose	12/9/2015

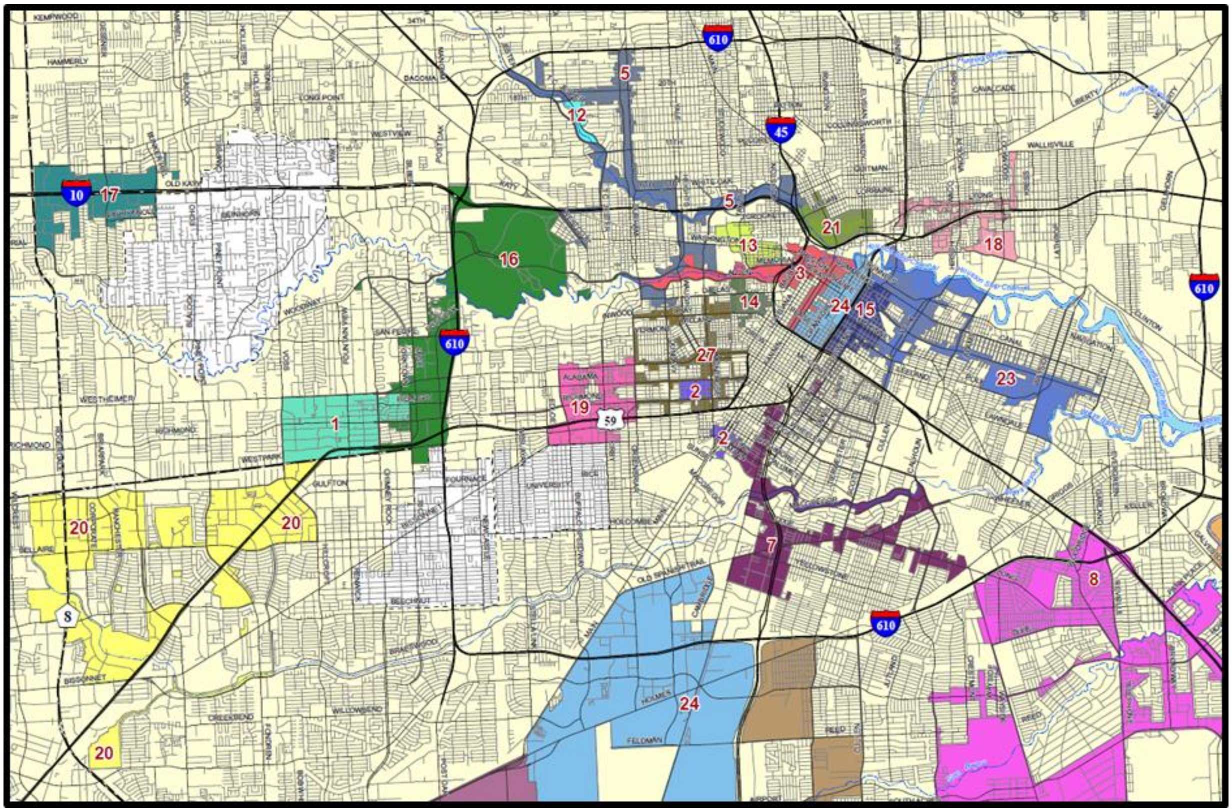
Houston voters approved a revenue cap on property taxes in 2004, and there have been resulting budgetary shortfalls ever since. The tax increment collected for a TIRZ does not count towards the revenue cap, which has been powerful reason to keep the districts operating. The minimal procedural and reporting requirements written into the Texas code also do little to encourage critical evaluation of TIRZ's impacts.

Chapter 3 – Four Houston TIRZ Cases

The four Houston TIRZ districts were chosen, in part, because they were all created at about the same time and are all located near large job centers which would attract new residents. All four districts are large, with a minimum of 500 acres, and have relatively dense residential populations. Each chosen TIRZ had wide-ranging economic development aims and was old enough to have made progress on those goals. Most significantly, each TIRZ has its own website and had been written about in the newspaper to some extent. I also had some familiarity with the neighborhoods within each district.

Two of the districts exhibited high property values and the other two had low property values when the districts were formed. The Uptown TIRZ and Upper Kirby TIRZ had much higher median residential property values in the year 2000 ($393,517 and $380,507, respectively, adjusted to 2015 dollars) than the Harris County median of $117,394 (in 2016 dollars) at the time of their creation (Census 2000). The Old Spanish Trail/Almeda TIRZ and Southwest Houston TIRZ had lower median residential property values ($78,269 and $111,909, respectively, in 2016 dollars) than the county median at the time of their creation (Census 2000). Upper Kirby TIRZ had higher residential rents than the countywide median, while Uptown TIRZ, Old Spanish Trail/Almeda TIRZ and Southwest Houston TIRZ had lower median residential rents than the countywide median. (Census 2000) Hence, the first two TIRZ districts seemed to have strong ongoing development prospects at their inception, while Old Spanish Trail/Almeda TIRZ and Southwest Houston TIRZ offered circumstantial evidence of lagging development and below median residential values.

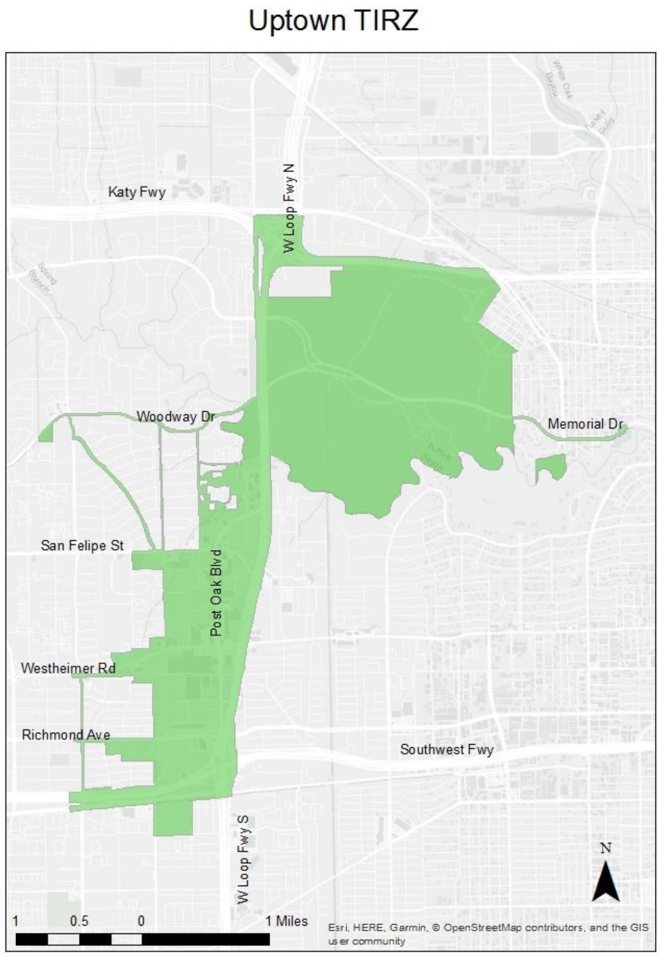
Map 1. City of Houston Tax Increment Finance Zones



Uptown TIRZ 16

In 1999, land owners initiated the creation of the Uptown TIRZ by petition. The property owners argued that Uptown was losing its share of retail and employment to the urban fringe. According to their project plan "No new office buildings or full service hotels have opened since 1983 and 1984, respectively." New office buildings (and full service hotels) were not being built because of inadequate infrastructure and traffic congestion. TIRZ 16 was approved by City Council, and shortly afterward the Project Plan was also approved. The Houston Independent School District did choose to participate in the zone, but Harris County did not. The Uptown Development Authority was also created at this time to "aid, assist and act on behalf of the City and the Zone Board in the development and implementation of a policy for improving vehicular and pedestrian circulation in the Uptown Area.." (Ordinance 2001-966)

Map 2. Uptown TIRZ #16



The Project Plan called for allocating one-third of the tax increment collected to Affordable Housing Improvements which was required by law for TIRZs located in Harris County that were created by request of the property owners. TEX. TAX CODE §311.011(f) This money can be used inside or outside the district. The TIRZ has passed the affordable housing money directly to the City of Houston, where it is supposed to be spent by the Housing and Community Development Department.

In December 2000 the City Council authorized issuing as much as $25 million in bonds to finance Uptown projects. Newspaper articles document some projects during this time. In Fiscal

Year 2001 the development authority sold over $14 million in bonds. Most of the revenue was spent on public street improvements during the first few years of the zone. In Fiscal Year 2002 the development authority sold another $10 million in bonds. $3 million of that went to affordable housing.

In February 2003 City Council authorized the issuance of more bonds, not to exceed $60 million. The First Project Plan Amendment was approved in 2003. The development authority issued $9 million in bonds to fund mobility projects, and $4.5 million in bonds for affordable housing in Fiscal Year 2004.

Over the next few years efforts continued towards improving existing streets, creating a street grid network, and building a pedestrian network. The Advanced Traffic Information System was initiated, and water infrastructure was improved.   In 2007, Bank of America provided short-term financing for mobility projects, presumably backed by the tax increment revenues.

In February 2008 the Second Project Plan Amendment was approved. This added a small residential pocket to the TIRZ to allow the Wynden/Huntley Project which was intended to improve connectivity to the Uptown Park shopping center. This project would also upgrade streets and drainage for new development. Pedestrian improvements were made with work on two intersections. (One was for Nordstrom). The Third Project Plan Amendment was approved in December 2008 which changed some of the terms of the Second Amendment.

In 2009, the TIRZ purchased the 3-acre Waterwall, what had been a privately-owned park space that was at risk of being sold and redeveloped, for $8.5 million and completed several street reconstruction projects. In FY2010, the TIRZ was awarded a $5 million federal grant for pedestrian improvements from the American Recovery and Reinvestment Act.

The Fourth Amendment, which was approved in 2013, enlarged the TIRZ to include Memorial Park (5108 Census Tract) and extended the TIRZ's lifespan to the year 2040. The zone purpose narrative was expanded in the FY2014 budget to: "provide redevelopment plan and programs along North Post Oak, Westheimer, West Alabama and the Richmond corridors through the financing of mobility enhancements, public infrastructure and roadway improvements, affordable housing and educational facility improvements."

In the following years, the zone continued to make street and sewer improvements, completed the Memorial Park Master Plan, and designed and implemented park projects including the Houston Arboretum and Nature Center. In 2017, the Bellaire Uptown Transit Center (UTC) was in the design phase. A Bus Rapid Transit system on Post Oak Blvd, in cooperation with Metro, is planned to be open by Spring 2019.

Table 2. Uptown TIRZ 16 Fiscal Year 2018 Budget Cumulative Expenses (to 6/30/2016)

Uptown TIRZ 16 Fiscal Year 2018 Budget	
	Cumulative Expenses to June 30, 2016
Capital Projects	
Improve Existing Streets	$65,872,460
Create Street Network Grid	$14,011,162
Improve Intersections	$11,147,748
Roadways, Streets, Sidewalks, Lighting	$48,091,088
Pedestrian Network	$20,059,655
Parks	$1,546,511
Memorial Park Improvements	$10,792,329
Land Acquisition	$14,462,148
Total Capital Projects	**$185,983,101**
School & Education/Cultural Facilities	$41,129,749
Financing Costs (not reported)	
Administration Costs/Professional Services	$7,297,547
Affordable Housing	$100,137,259
Total Project Plan	**$334,547,656**

Financing costs were not reported in the same manner as other expenses.

Table 3. Uptown TIRZ 16 Fiscal Year 2018 Budget Financial Costs

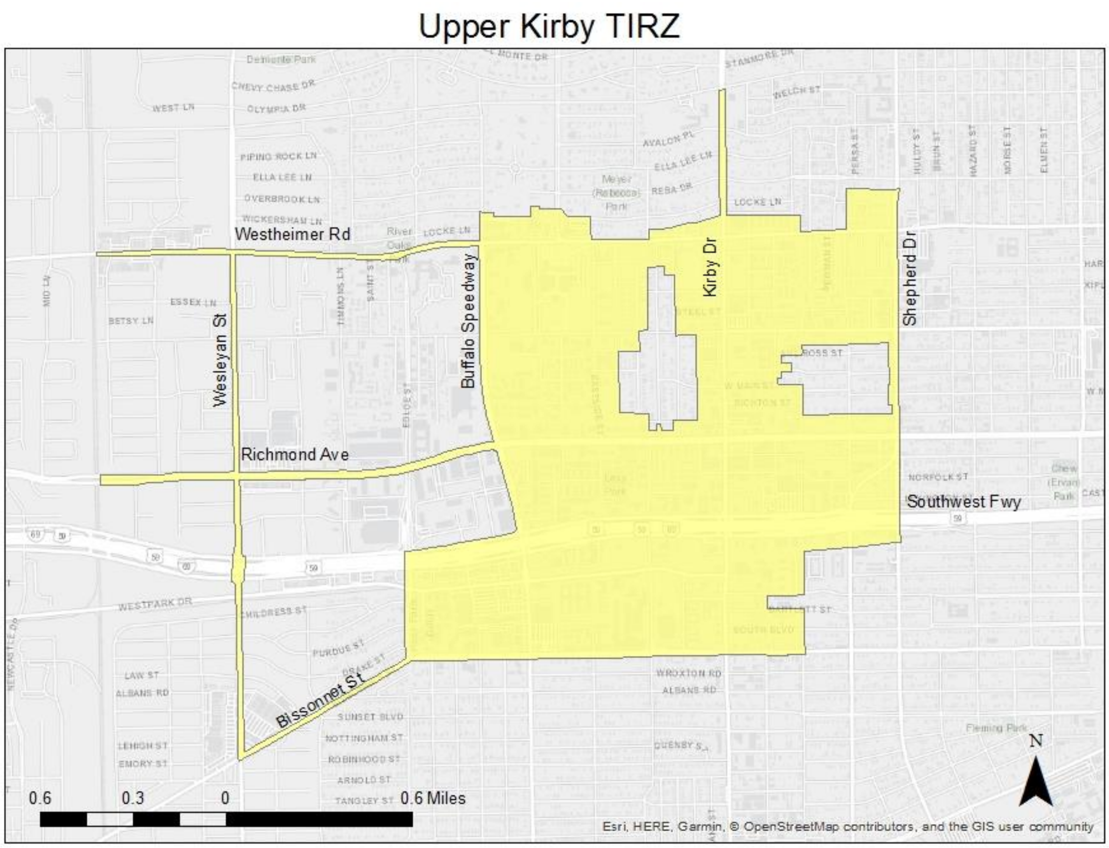
Additional Financial Data for Uptown TIRZ			
	FY2017 Budget	FY2017 Estimate	FY2018 Budget
Debt Service	$15,804,352	$13,669,487	$15,226,135
Principal	$7,830,000	$7,830,000	$8,785,000
Interest	$7,974,352	$5,839,487	$6,441,135

According to the Fiscal Year 2018 Budget, the Current Taxable Value for Tax Year 2016 was $7,804,627,395 and its base year value was $1,936,195,235. The district covered 2,758.22 acres.

Upper Kirby TIRZ 19

Upper Kirby TIRZ 19 was created by Houston's City Council in 1999. The City of Houston and Houston Independent School District chose to participate, although Harris County did not. The zone was originally created to exist for 15 years and have a budget of $10 million. The Project Plan stated that the Upper Kirby area had a declining property tax base, while the city as a whole had seen gains. The Upper Kirby district was made of large blocks with limited circulation, suffered from "extreme" flooding, its secondary streets were paved in asphalt without curbs or sidewalks, and Levy Park in the district was deemed unsafe and unsanitary. According to the Plan, eighty-eight of the original 515 acres in the district were vacant.

Map 3. Upper Kirby TIRZ #19



The Fiscal Year 2007 Budget states that the purpose of the zone was "….to finance mobility, storm sewer, and park improvements. These public infrastructure improvements are a partnership with Upper Kirby Management District to stabilize property values and halt the loss of residential and commercial market to the suburbs." The Management District assesses a small tax on the businesses within its boundaries to fund improvements and programing and can also receive money from the TIRZ in furtherance of those goals. The Project Plan First Amendment, increasing the amount of money to be spent over the life of the zone, was approved in January 2007.

The Project Plan Second Amendment, approved in November 2008, outlined a more expansive vision for the redeveloped Levy Park that would include a civic complex and would require the purchase of three surrounding properties. Two of the properties were vacant office buildings, but one was an occupied apartment complex. The residents of the complex would be given a few months notice to find new housing and would be compensated with one month of free rent. Although the average rents at this apartment complex were not mentioned, the property was built in 1963, contained 101 units, and Harris County Appraisal District listed its value as $5,522,912 in 2009. It was implied that the property was in poor condition, which is supported by the fact that HCAD gave it an exemption value of $6,163,100 in 2013 after the improvements were removed. This project would be financed by a bank loan.

Beginning in 2009, the zone's purpose was "…to finance improvements easing traffic congestion, deficient traffic infrastructure, storm water infrastructure, limited secondary street network, lack of pedestrian safety and substandard and/or underutilized parklands." (Fiscal Year 2010 Budget). Bonds were not issued until 2009.

Beginning in 2013, the zone's purpose was listed as, "…to provide plans and programs needed to support an environment attractive to private investment needed to attract residential, commercial, and retail development in the Upper Kirby area through the design and construction of roadway and streets, public utility infrastructure, street lighting, pedestrian improvements, parks and real property acquisition." (Fiscal Year 2014 Budget) The refined purpose statement incorporated the actions required to fulfill the updated Levy Park plans with an eye towards appealing to private developers.

Table 4. Upper Kirby TIRZ 19 Fiscal Year Budget Cumulative Expenses (to 6/30/2016)

Upper Kirby TIRZ 19 Fiscal Year 2018 Budget	
	Cumulative Expenses to June 30, 2016
Utility System Improvements	$57,423,084
Traffic Mobility Improvements	14,434,404
Public Recreation/Public Service Improvements	25,412,761
School and Educational/Cultural Facilities	6,570,880
Financing Costs	13,066,332
Administration Costs/Professional Services	2,186,391
Creation Costs	221,672

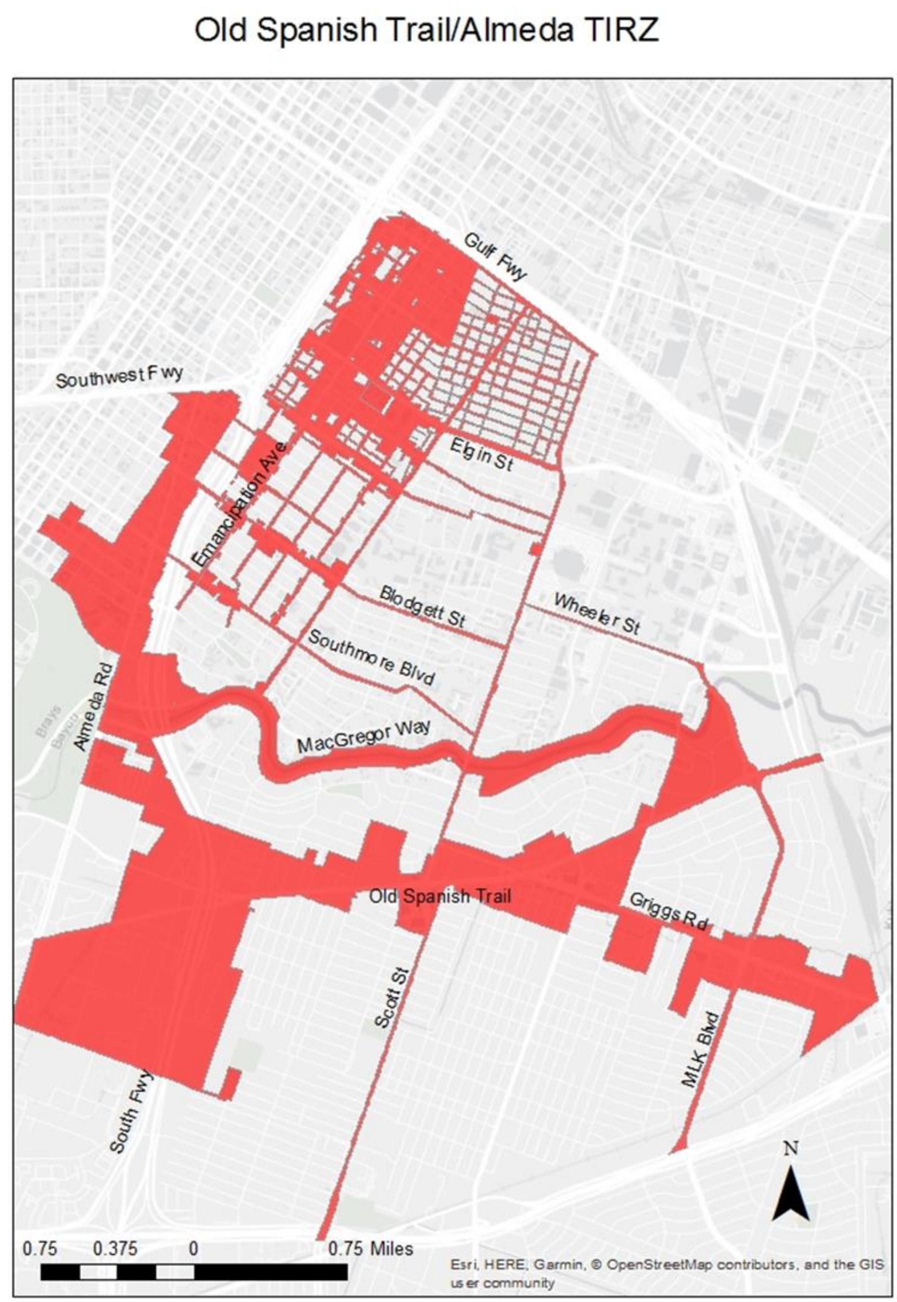
According to the 2018 Budget the base year taxable value was $683,628,290, the Projected Taxable Value for Tax Year 2017 was $3,212,957,733, and the Current Taxable Value for Tax Year 2016 was $3,089,382,436.

The 2018 Budget referenced a bank loan, a line of credit, bond debt service, and grant money, in addition to the tax revenue and other interest income. The zone received its first grant money in FY2012 from an unspecified source. It was $2,000,000. The plans became much more ambitious and costly as time went on. Levy Park became a showstopper. (Meyer 2017)

Old Spanish Trail/Almeda Corridors TIRZ 7

In May 1997 Houston's seventh TIRZ, Old Spanish Trail/ Almeda Corridors, was created. The Project Plan stated that it would support revitalization of both corridors by helping finance: water and wastewater utility improvements; street improvements and enhancements; landscaping, design, signage, security enhancements; and land acquisition, demolition, clearance, and remediation. The original zone was 455 acres. In July 1998, the City Council created the OST/Almeda Corridors Redevelopment Authority. The original budget included $3.5 million for affordable housing. No specific plans for the affordable housing funds were described.

Map 4. Old Spanish Trail/Almeda TIRZ #7



Later in 1998 the District enlarged its boundaries, some areas were added in response to property owners' requests, and made the first amendment to the Project Plan which recalculated the amount of retail and industrial properties the zone could support. The new boundaries made the zone 847 acres in total. The amended plan added the Griggs Road Corridor.

The First Amendment mentioned that the Board of Directors had signed a development agreement with the developers of the upcoming West MacGregor Estates, but provided no details. The project was predicted to be a catalyst for redevelopment within the zone. The Amendment lists other upcoming projects to be built totaling 1,300 housing units, none of which will be affordable. West MacGregor Estates would spend $150,000 per unit in 1999. All of the housing projects listed appeared to be privately funded.

The Second Amendment to the Project Plan, approved in August 1999, made some substitutions including projecting a cumulative increment of $64.3. million, and anticipating 1,500 housing units would be built in upcoming projects. This Amendment also added that the TIRZ would be financed by Tax Increment Funds, Tax Increment Bonds, short term notes, private funding, and grants. The Project Plan focused mainly on improving roads, adding sidewalks and street lighting, streetscaping, water and wastewater infrastructure, and land assembly and clearance.

In Fiscal Year 2002, the Redevelopment Authority sold $8.25 million in tax increment revenue bonds on behalf of the TIRZ. In 2004, there was a Developer Advance listed as $2,634,633, but there was no further explanation of what the project was. The Third Amendment to the Project Plan (2006) added park and park related improvements, and made some modifications to the CIP map.

The Fiscal Year 2007 Budget stated that the zone's purpose is "…to provide a financing mechanism to encourage investment and stimulate commercial, industrial and residential development along three key corridors and their adjacent neighborhoods: Old Spanish Trail, Almeda Road and Griggs Road."

Following Emancipation Park's 2007 designation as a protected historic landmark, the TIRZ issued a Fourth Amendment to the project plan in 2008. The Amendment annexed new acreage, including Emancipation Park, and gave an update on what development had been happening in the district, most of which was unrelated to the TIRZ or Redevelopment Authority. The Amended Plan mentioned the Mosaic luxury apartment tower in Hermann Park and that Metro will be building an Elgin Street Station for the light rail expansion. The Greater Southeast Management District would spend some money on services for the district. The amendment contained an Infrastructure Assessment Study.

In the following years, the TIRZ paid for corridor improvements, including sidewalks, park improvements and landscaping. The TIRZ paid $700,000 for a sound barrier wall for West McGregor Estates in 2008. The Visioning and Design Phases were completed for Emancipation Park and Historic Dowling Street. In 2011, the Redevelopment Authority sold $22 million in bonds to provide more funding for the planned projects.

Beginning in 2013, the zone purpose was listed as, "…to provide a plan and programs needed to encourage investment and stimulate commercial, industrial and residential development in Old Spanish Trail, Almeda Road, and Griggs Road corridors area, adjacent neighborhoods and Upper Third Ward including design and construction of roadways and streets, public utility systems, parks, environmental remediation and land acquisition." (Fiscal Year 2014 Budget)

The Emancipation Park project grew to a cumulative $33 million. The Economic Development Division at the City of Houston's website lists Emancipation Park as one of its "projects," but doesn't state in what capacity it assisted the park's redevelopment other than providing some oversight to the TIRZ. The City's Capital Improvements Program allocated $1 million towards the park's renovation and another $1 million towards the purchase of a nearby parking lot. Texas Parks and Wildlife granted another $1 million to be used for the parking lot. The TIRZ provided $18.9 million to the park, with the rest coming from foundations and individuals. Most of the operating and programming costs will be paid for by the recently formed Emancipation Park Conservancy. The TIRZ funded a new library on Griggs Rd that was built by the City.

The Fifth Project Plan Amendment, approved in September 2013 by the City Council, increased project costs and added a Part F. The Sixth Project Amendment extended the TIRZ to December 31, 2038, annexed more acreage, and added a Part G to the Plan.

Table 5. Old Spanish Trail/Almeda TIRZ 7 Fiscal Year 2018 Cumulative Expenses for Capital Projects (to 6/30/2016)

OST/Almeda TIRZ FY 2018 Budget	
	Cumulative Expenses to June 30, 2016
Roadway, Sidewalk, and Public Utility Improvements	$20,574,908
Public Facility Improvements and Public Parking	8,193,792
Cultural, Parks, Greenways, and other Public Space	27,779,893
School and Educational/Cultural Facilities	12,242,920
Financing Costs	10,059,064
Administration Costs/Professional Costs	5,889,720
Land Assembly, Site Preparation, and Environmental Remediation	5,171,348

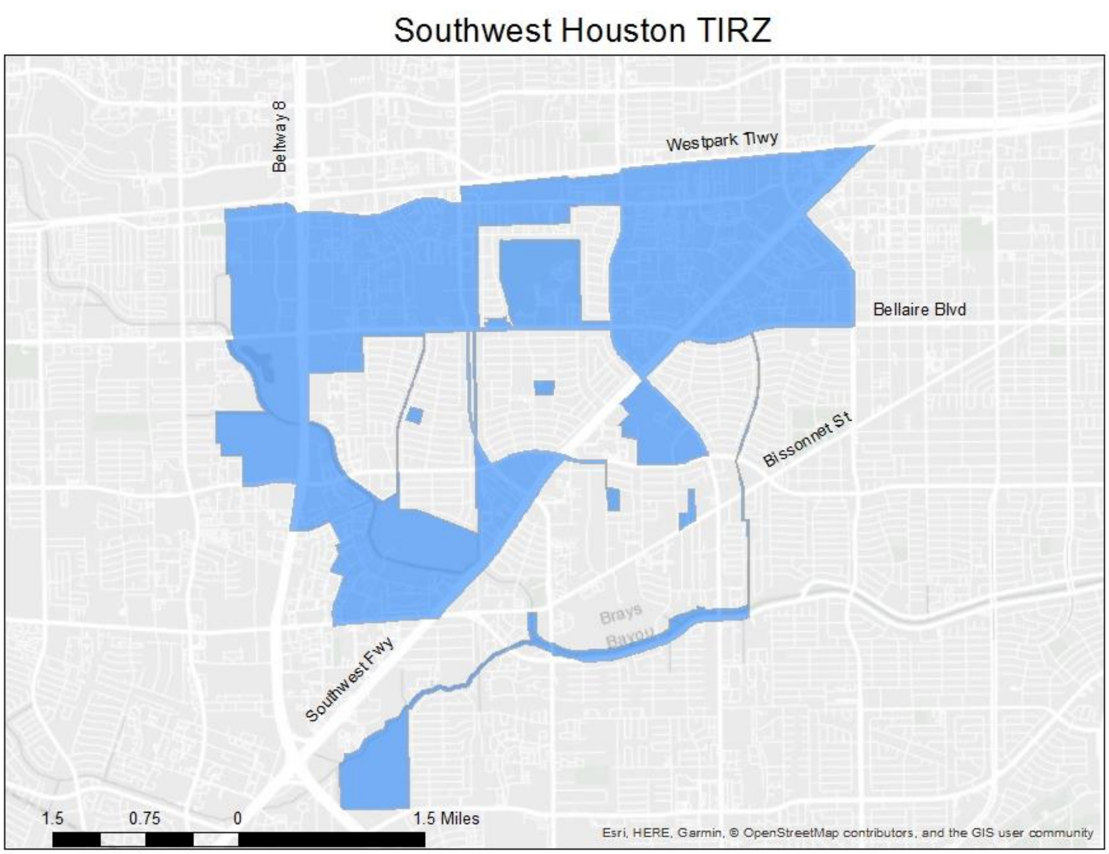
According to the 2018 Budget the base year taxable value was $89,520,330, the Projected Taxable Value (tax year 2017) was $1,576,162,030, and the Current Taxable Value (tax year 2016) was $1,515,546,715. The TIRZ had collected more than $90 million by the end of 2016.

This may not do much more than allow the area to jump in line in the CIP, but maybe that's what is required to get those improvements.

Southwest Houston TIRZ 20

The section of Houston commonly known as Sharpstown was originally a master planned bedroom community centered around one of the country's first suburban style shopping malls. The community was designed around the automobile and provided for recreational opportunities at several golf courses. As Houston grew, the spaces left open around the original planned community were filled with unplanned multi-family properties. By 1990, the area that would become the Southwest Houston TIRZ was only 25.2% owner occupied and was on its way to having a big crime problem. (Social Explorer-Census 1990 on 2010 Geographies). The Mall had also begun to fall out of favor and was struggling to keep tenants. (Bivins 2001)

Map 5. Southwest Houston TIRZ #20



The Southwest Houston TIRZ 20 was approved by the City Council on December 15, 1999. The Sharpstown Public Improvement District was already in existence at that time. In February 2000 the Southwest Houston Redevelopment Authority was created to issue bonds for the TIRZ. In August 2001 the Sharpstown Economic Development Authority was created. The Greater Sharpstown Management District was created by the Legislature in 2005 and replaced the Public Improvement District. The City of Houston is the only taxing entity that has participated in the Southwest Houston TIRZ.

The zone's purpose was listed on the fiscal year 2007 budget as "1) Address Mobility deficiencies along the Bellaire/Fondren commercial corridors with necessary capital improvements, 2) provide resources for the redevelopment of the Sharpstown Mall and Bellaire Fondren commercial corridors to expand the tax base and increase output of sales tax revenues to the City General fund, and 3) reimburse to Westchase Section 3 Partners (Halliburton) for improvements made to their property to render it developable." Preserving or adding to the affordable housing supply was never stated to be a priority.

Beginning in the budget for FY2014 the zone purpose was described as ".. to address failing infrastructure, lack of utility capacity, increased traffic congestion attributable to street network deficiencies, declining retail sales and significant social and economic stress along the Bellaire Corridor and the greater Sharpstown Mall area. Plans include provisions for the design and construction of roadways and streets, utility system upgrades, pedestrian safety improvements and parks."

Sometime between 2014 and 2016 the Greater Sharpstown Management District was renamed the Southwest Management District. It has six named zones that try to capitalize on the international character that has developed in the area formerly known as Greater Sharpstown.

The district's priorities evolved over time, especially in regard to Sharpstown Center. The frequently changing, and complicated nature of the mall's ownership made it difficult to plan redevelopment around it. When a new owner proposed a plan to redevelop the mall and asked for the $20 million assistance, their plan was rejected. (Sarnoff 2009) Another plan, proposed by a group of developers with no existing ownership interest, was approved a short time later for the subsidy, but the project did not come together.

Table 6. Southwest Houston TIRZ 20 Fiscal Year 2018 Budget Cumulative Expenses for Capital Projects (to 6/30/2016)

Southwest TIRZ 20 Fiscal Year 2018 Budget	
	Cumulative Expenses to June 30, 2016
Roadway and Street Reconstruction Projects	$63,117,127
Stormwater Infrastructure	84,709
Parks, Plaza, Hike and Bike Trails, Pedestrian Bridges	1,000,000
Cultural and Public Facility Improvements	3,866,000
Financing Costs	14,807,028
Administration Costs/Professional Costs	3,001,252
Land Assembly	1,678,243
Economic Development Grants	750,000

Administrative costs estimates were already exceeded by mid-year 2013. In FY2014 the TIRZ reimbursed Midway, a real estate development company, $750,000 for something related to affordable housing. A "Social Services" project was funding sidewalks and lighting for the Baker-Ripley and Multiservice center totaling $1,000,000. The fiscal year 2015 budget narrative reported that the district "…completed a private placement of $49.6 million in bonds to re-finance two existing tranches of bonds, and generate proceeds for additional projects in the zone."

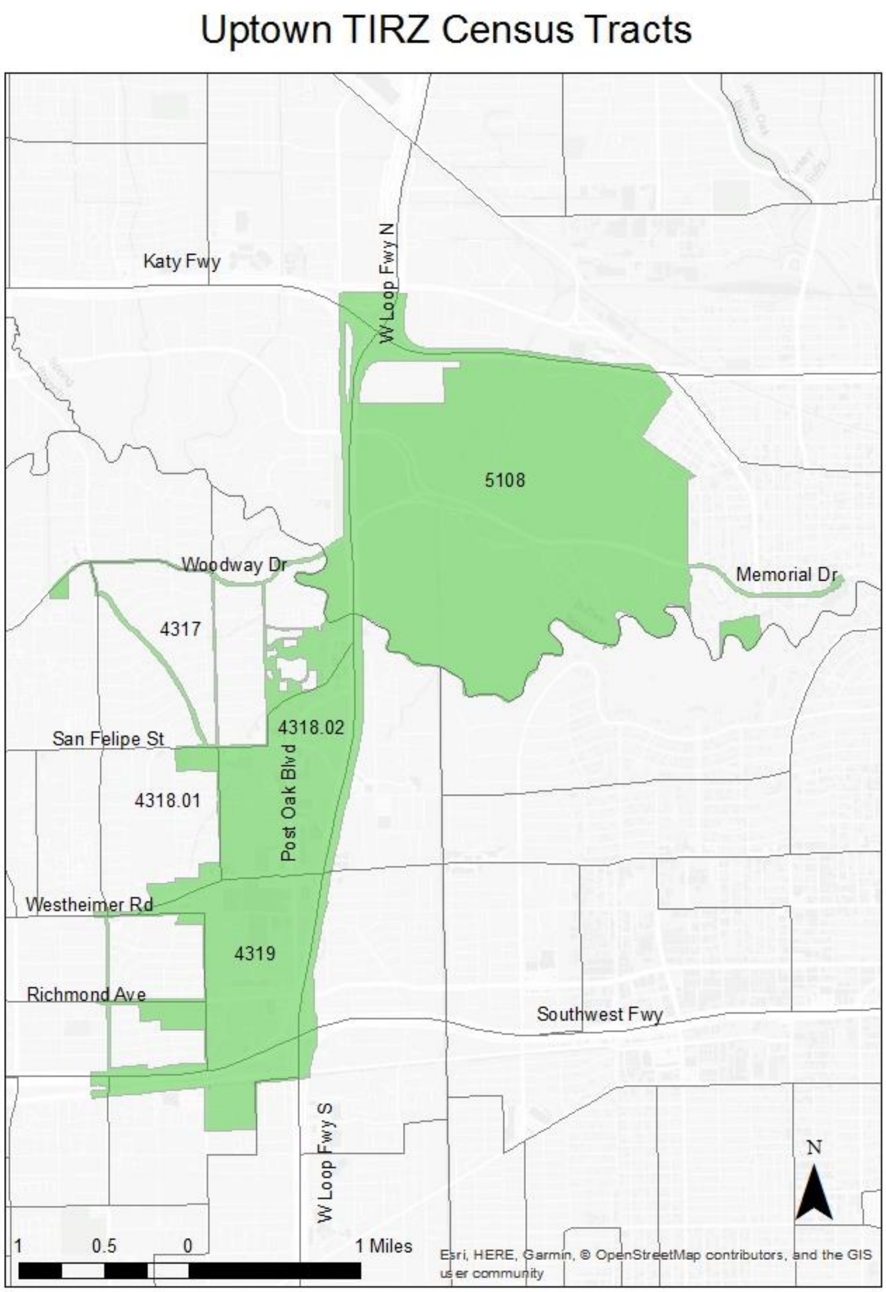
The base year taxable value was $766,214,210. The projected taxable value for Tax Year 2017 was $2,491,745,987 and the current taxable value (TY2016) was $2,692,409,323. The TIRZ had collected more than $61 million in tax increment by the end of 2016.

Chapter 4 – Analysis of Growth, Change and Affordability in the Four TIRZ Cases

For each TIRZ district I will use Census and Appraisal data to track changes in rents, house values, household incomes, and the percentage of households burdened by housing costs from 1990 to 2016. I will analyze how these trends align with their respective TIRZ's timeline. Then I will use Housing and Economic Recovery Act Income Limits for 2016 to determine how many rental units would be affordable for a one-person household at the Low Income and Very Low Income levels in each district. I will also examine how many affordable units are available for families at 30%, 50%, and 80% HAMFI using HUD's Office of Community Planning and Development website.

Uptown TIRZ 16

Map 6. Uptown TIRZ #16 Census Tracts



TIRZ 16, known as the Uptown TIRZ, was established in 1999 and continues to operate today. The current TIRZ 16 boundaries contain Census tracts 4211.01, 4317, 4318.01, 4318.02, 4319, and 5108. Because tract 5108 has only been in the TIRZ since 2013 it is not included in the analysis of Census data between 1990 and 2016. The five included Census tracts had large population growth and housing unit growth from 1990 to 2016. (Social Explorer-Census 1990 on 2010 Geographies and 2016 ACS 5 Year) The percentage of owner occupied housing units also grew significantly from 28.3% in 1990 to 33.4 % in 2016. (Social Explorer-Census 1990 on 2010 Geographies and 2016 ACS 5 Year) This owner-occupied housing unit growth coincided with a small growth in the proportion of family households from 40.7% in 1990 to 42.5% in 2016. (Social Explorer-2016 ACS 5 Year)

Table 7.Uptown TIRZ 16 Statistics for 1990, 2000, 2010, and 2016

Uptown TIRZ #16								
	1990		2000		2010		2016	
Statistics	TOTAL for Selected Census		TOTAL for Selected Census		TOTAL for Selected Census Tracts		TOTAL for Selected Census	
Total Population	11,980		13,149		16,603		19,652	
Number of Occupied Housing Units:	6,268		6,839		9,152		10,120	
Owner Occupied	1,776	28.3%	2,459	36.0%	3,399	37.1%	3,381	33.4%
Renter Occupied	4,491	71.7%	4,380	64.1%	5,753	62.9%	6,739	66.6%
Median Value of Owner-Occupied Units (2016 Inflation Adjusted Dollars)					$491,048		$579,530	
Specified owner-occupied housing units:	1,248		2,488		3,399		3,311	
Less than $20,000	0	0.0%	6	0.3%	0	0.0%	0	0.0%
$20,000 to $49,999	20	1.6%	30	1.2%	0	0.0%	11	0.3%
$50,000 to $99,999	28	2.2%	79	3.2%	100	2.9%	102	3.1%
$100,000 to $149,999	37	2.9%	95	3.8%	188	5.5%	217	6.6%
$150,000 to $299,999	449	36.0%	403	16.2%	740	21.8%	638	19.3%
$300,000 to $499,999	491	39.4%	584	23.5%	664	19.5%	469	14.2%
$500,000 or more	223	17.9%	1,290	51.8%	1,707	50.2%	1,874	56.7%
Median Gross Rent (2016 Inflation Adjusted Dollars)					$1,117		$1,338	
With cash rent:	4,453	99.2%	4,322		5,634		7,070	
Less than $300	174	3.9%	13	0.3%	0	0.0%	0	0.0%
$300 to $599	2,664	59.4%	411	9.5%	258	4.6%	305	4.3%
$600 to $999	911	20.3%	1,246	28.9%	1,875	33.3%	2,132	30.1%
$1,000 or more	704	15.7%	2,652	61.4%	3,501	62.2%	4,633	65.6%
No cash rent	35	0.8%						

Table 7, cont.

	1990		2000		2010		2016	
Median Household Income (2016 Inflation Adjusted Dollars)					$83,116		$84,486	
Households:	6,294		6,749		9,152		10,507	
Less than $10,000	604	9.6%	248	3.7%	281	3.1%	442	4.2%
$10,000 to $14,999	356	5.7%	129	1.9%	226	2.5%	345	3.3%
$15,000 to $19,999	387	6.2%	151	2.2%	208	2.3%	608	5.8%
$20,000 to $24,999	428	6.8%	145	2.2%	342	3.7%	441	4.2%
$25,000 to $29,999	567	9.0%	160	2.4%	348	3.8%	254	2.4%
$30,000 to $34,999	516	8.2%	210	3.1%	328	3.6%	370	3.5%
$35,000 to $39,999	354	5.6%	191	2.8%	357	3.9%	379	3.6%
$40,000 to $44,999	342	5.4%	208	3.1%	183	2.0%	488	4.6%
$45,000 to $49,999	225	3.6%	254	3.8%	391	4.3%	277	2.6%
$50,000 to $59,999	424	6.8%	498	7.4%	511	5.6%	653	6.2%
$60,000 to $74,999	381	6.1%	584	8.7%	911	10.0%	818	7.8%
$75,000 to $99,999	394	6.3%	824	12.2%	1,075	11.8%	1,159	11.0%
$100,000 to $124,999	245	3.9%	560	8.3%	889	9.7%	1,147	10.9%
$125,000 to $149,999	205	3.3%	394	5.8%	693	7.6%	625	6.0%
$150,000 or more	867	13.8%	2,194	32.5%	2,408	26.3%	2,501	23.9%
Households burdened by housing costs	1,460	23.2%	1,732	25.7%	2,908	31.8%	3,259	31.0%
Number of Households:	6,336		6,839		9,152		10,120	
Family Households:	2,578	40.7%	2,915	42.6%	3,772	41.2%	4,296	42.5%
Married-Couple Family:	2,135	33.7%	2,445	35.8%	3,272	35.8%	3,522	34.8%
Other Family:	443	7.0%	470	6.9%	500	5.5%	774	7.7%
Nonfamily Households:	3,758	59.3%	3,924	57.4%	5,380	58.8%	5,824	57.6%
Population for Whom Poverty Status Is Determined	11,824		12,977		16,430		19,528	
Under 1.00 (Doing Poorly)	1,431	12.1%	1,297	10.0%	1,778	10.8%	2,105	10.8%
1.00 to 1.99 (Struggling)	1,688	14.3%	1,261	9.7%	1,779	10.8%	1,757	9.0%
Under 2.00 (Poor or Struggling)	3,120	26.4%	2,558	19.7%	3,557	21.7%	3,862	19.8%
2.00 and Over (Doing Ok)	8,704	73.6%	10,418	80.3%	12,873	78.4%	15,666	80.2%

Housing costs grew dramatically from 1990 to 2016. In 1990 the median owner-occupied house was valued in the $300,000 to $499,999 range, with 36% of owner-occupied houses still within the $150,000-$299,999 range in 2016 dollars. (Social Explorer-Census 1990 on 2010 Geographies) By 2016 the median owner-occupied house was valued at $579,530. (Social Explorer 2016 ACS 5 Year) In 1990 the median gross rent was in the $300-$599 range in 2016 dollars. (Social Explorer-Census 1990 on 2010 Geographies) By 2016, the median gross rent was $1,338. (Social Explorer-2016 ACS 5 Year) In 1990, 23.2% of households were burdened by housing costs, but in 2016 31.0% of households were burdened by housing costs. (Social Explorer-Census 1990 on 2010 Geographies and 2016 ACS 5 Year)

Figure 1. Uptown TIRZ House Values

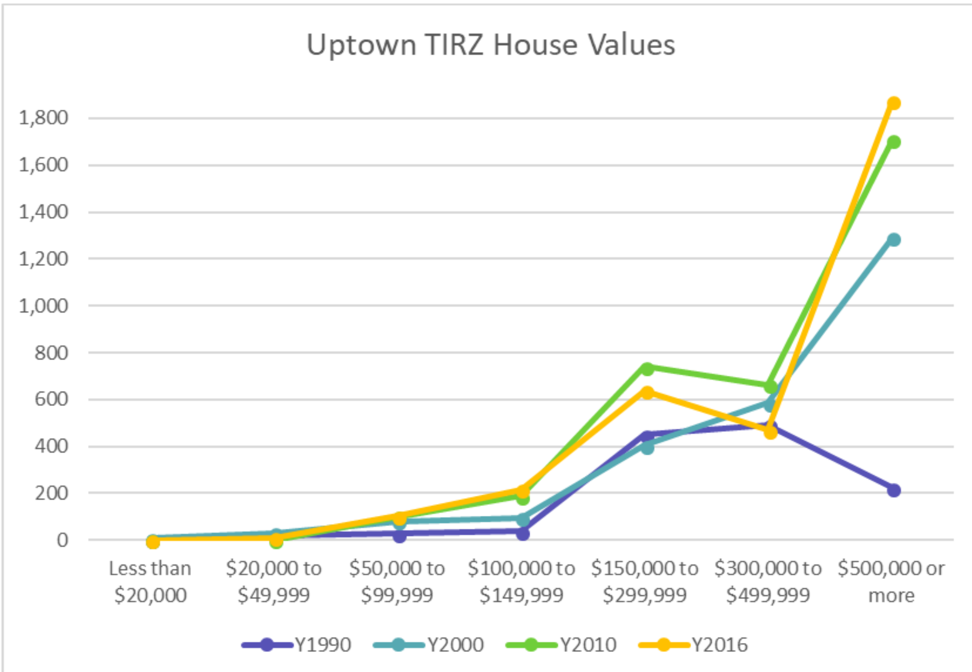
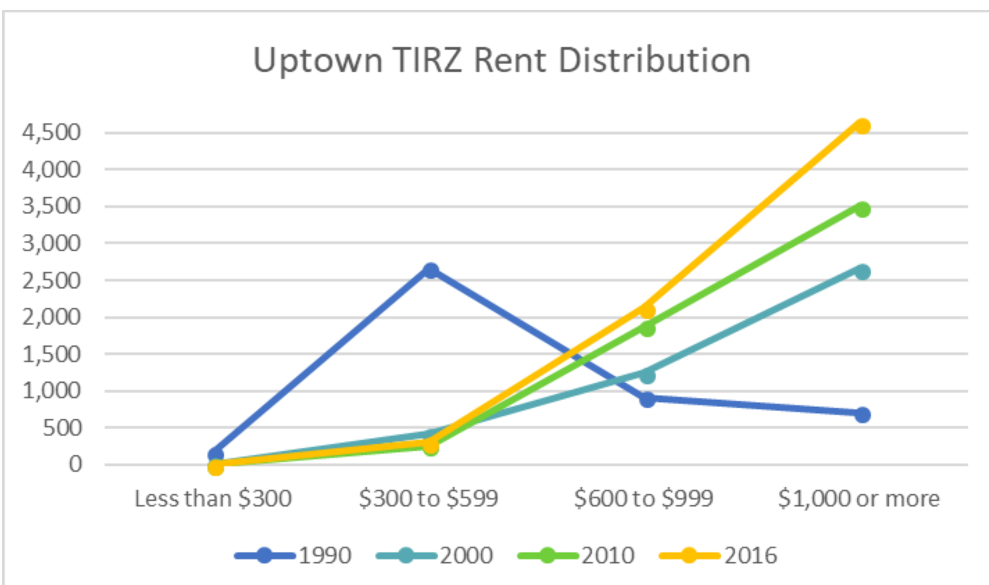
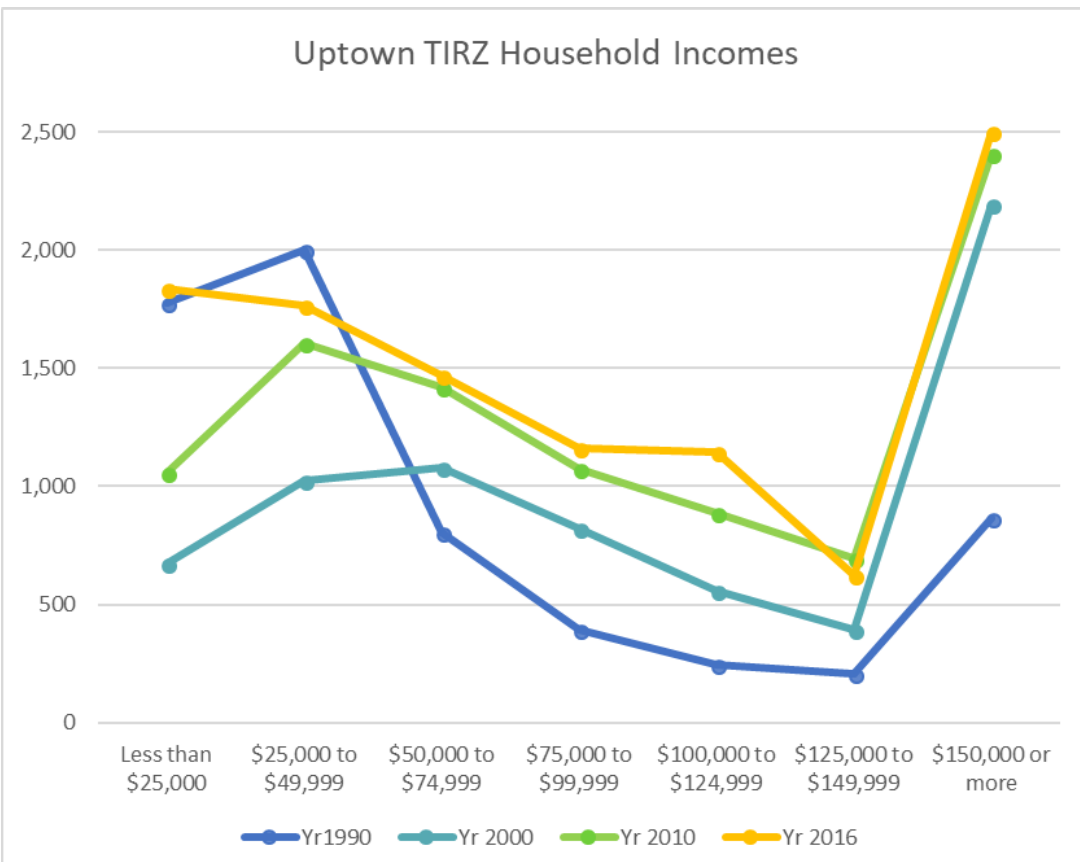


Figure 2. Uptown TIRZ Rent Distribution



The Median Household Income in the district also grew substantially. In 1990 the Median Household Income was $35,000--$37,499 in 2016 dollars. (Social Explorer-Census 1990 on 2010 Geographies) By 2016, the Median Household Income was $84,486. (Social Explorer 2016 ACS 5 Year) By contrast, Harris County's 1990 Median Household Income was in the $55,000-$59,999 range in 2016 dollars and was $55,584 in 2016. (Social Explorer-Census 1990 on 2010 Geographies and 2016 ACS 5 Year) Given the Household Income numbers, the change in the percentage of households living in poverty was not unexpected. In 1990 26.4% of the district's population was living under 2.00 times the Poverty Level. (Social Explorer-Census 1990 on 2010 Geographies) By 2016 19.8% of the district's population was living under 2.00 of the Poverty Level. (Social Explorer 2016 ACS 5 Year)

Figure 3. Uptown TIRZ Household Incomes

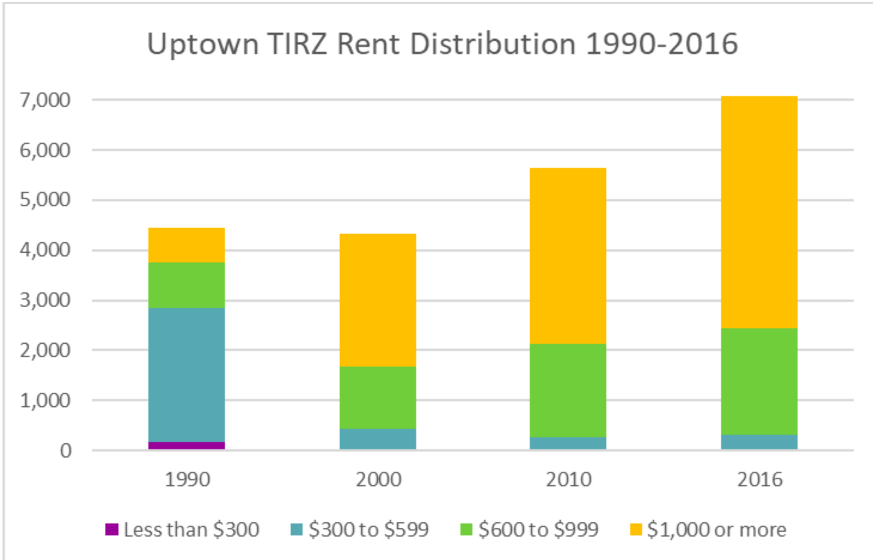


Tract 4211.01 is not like the other tracts in the TIRZ and is really not in the neighborhood that is recognized as Uptown. It is separated from Uptown by Highway 59. It has much lower median incomes, the vast majority of people are renters and most of them are Hispanic rather than the majority white demographics in the other tracts. Half of the housing units renting for less than $1000 per month in 2016 were in this tract. (SE—2016 ACS 5-Year) There was surely some reason it was included in this TIRZ, but few, if any improvement projects undertaken by the TIRZ have been within this Census tract.

The four tracts that are actually in Uptown are remarkable in the amount of wealth that they contain. There are a small number of remaining moderately priced rental units within the four tracts, but when they are lost, they are not replaced with comparable rental units. The two-story apartment complexes built in the 1970's and earlier are replaced either with a much larger luxury apartment complex or with luxury townhouses. Some older rental properties do become more affordable as they age, but they cannot provide more affordable rents if they are demolished.

The population growth trend began before the creation of the TIRZ. The rapid appreciation of owner-occupied housing units also began before the TIRZ was put in place. The rent distribution pattern had already been established by the year 2000. New construction has added more luxury rental units, further decreasing the ratio of affordable units to market rate rental housing stock. The rate of loss of affordable units has actually slowed since the creation of the TIRZ because the dramatic loss of affordable units took place between 1990 and 2000. There were only about 1,100 rental units built in the 1990s, so much of the rent increases were older units' rents being raised significantly. (SE—2016 ACS 5-Year)

Figure 4. Uptown TIRZ Rent Distribution 1990-2016



According to the Housing and Economic Recovery Act Income Limits Report for 2016, a one-person household is considered Very Low Income (50% of MFI) with an annual income of $24,250 in the Houston-The Woodlands-Sugarland HMFA. Multiplying this amount times 1.6 would give us the Low Income (80% of MFI) cut off for a one-person household. The Low-Income limit for one person is $38,800. Using the standard 30% of income guideline, this person could spend $11,640 on housing per year or $970 per month. There were about 2,400 rental units or roughly 34% of the rental stock that was renting for less than $1000 per month. (SE— 2016 ACS 5-Year)

It would not be so easy for a family or households making less than 80% of MFI to find rental housing in the Uptown TIRZ. HUD's Office of Community Planning and Development website, using 2013 ACS 5-Year data, states that a family at 80 % HAMFI would find 1,806 rental units in the Uptown Census tracts that fall under the 30% guideline. This must be referring to two-bedroom units because according to the 2016 ACS 5-Year, there were only 324 units with three or more bedrooms at any price in all five Census tracts. There were 205 units that met the 50% HAMFI requirements and 17 that could accommodate a family at 30% HAMFI. A Very Low

Income (50% MFI) one-person household could pay $606.25 per month. There were 305 rental units that were less than $600 per month in 2016. There were 943 rental units with rent in the $600-$799 range, but likely very few of those would be just at $600 per month.

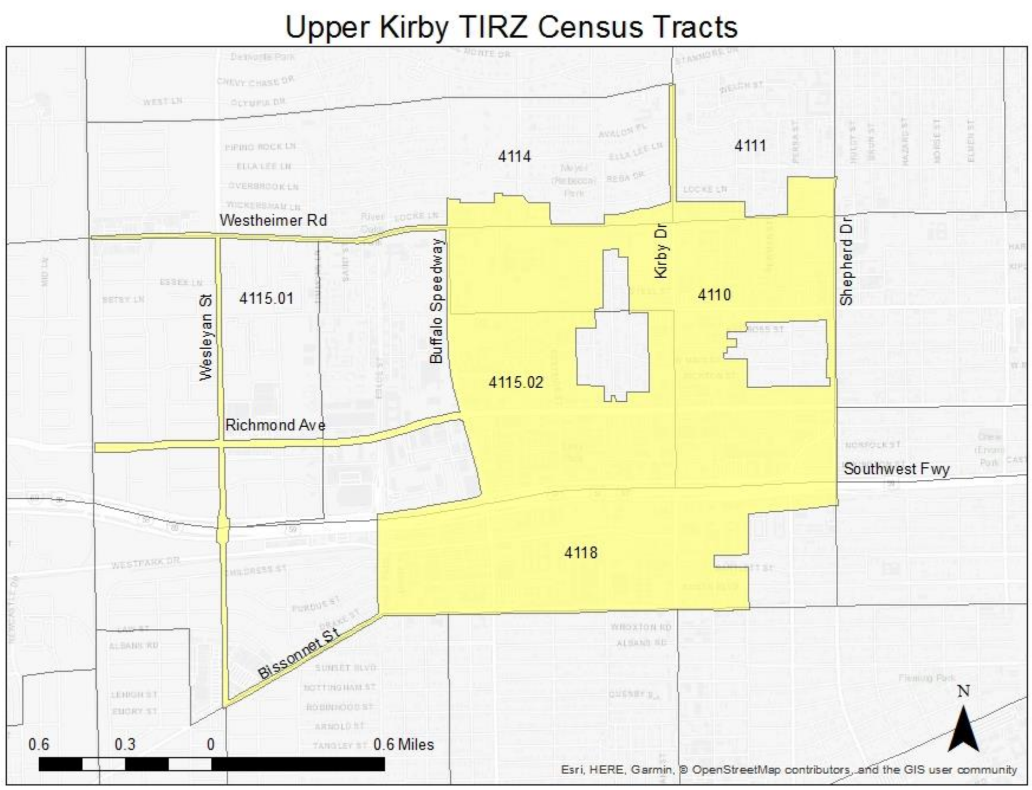
There appear to be few efforts to maintain moderately priced housing in the Uptown TIRZ. A small number of very low rents suggest that there may be some protected affordable housing in the district, but it is not clear what entity is responsible. An example of this is 18 three-bedroom units that rent in the $500-$799 range in tract 4318.02. (SE—2016 ACS 5-Year)

The TIRZ has collected more than $100 million of tax increment for affordable housing and has given it directly to the City to be spent at its discretion. There are no City of Houston Housing and Community Development Department properties located within the TIRZ boundaries. Reading through the Texas Association of Community Development Corporations' directory, I have not been able to find any CDCs that are working inside the TIRZ boundaries. There was a recent attempt to build a mixed income apartment complex about a mile west of the Uptown TIRZ, but it was met with great opposition and was not built. (Mulvaney, 2016) The city council district is the only one without a Housing and Community Development Department property.

Upper Kirby TIRZ 19

Upper Kirby TIRZ 19 was created in 1999 and continues to operate today. The TIRZ's focus has been on mobility, storm sewer, and park improvements in an effort to stabilize property values. Census tracts 4110, 4111, 4114, 4115.01, 4115.02 and 4118 are all within the TIRZ's boundaries. Overall, the resident population grew in the Upper Kirby TIRZ area from 1990—2016 from 17,230 to 26,033. A few tracts lost population from 2010 to 2016. (Social Explorer-Census 1990 on 2010 Geographies and 2016 ACS 5 Year) Those tracts were 4114, 4115.02 and 4118. Only a small sliver of 4114 is actually in the Upper Kirby TIRZ. The housing in this tract is the large, single family homes of the River Oaks neighborhood. The number of housing units in 4114 had not changed much, but there was a higher vacancy rate in 2016 than in 2010 for some reason.

Map 7. Upper Kirby TIRZ #19 Census Tracts



During the 1990--2016 time period there was an overall gain in housing unit numbers in the Upper Kirby TIRZ tracts from 10,734 to 17,179. (Social Explorer-Census 1990 on 2010 Geographies and 2016 ACS 5 Year) As mentioned above, there were some individual tracts with small population or housing unit losses, but the general tenure ratio remained remarkably constant through 1990-2016. The highest TIRZ-wide owner occupant rate was in 1990 at 39.3% and the lowest was in 2000 at 37.9%. Among the tracts there was a great deal of variation in tenure, but the averages remained constant.

Table 8. Upper Kirby TIRZ 19 Statistics for 1990, 2000, 2010, and 2016

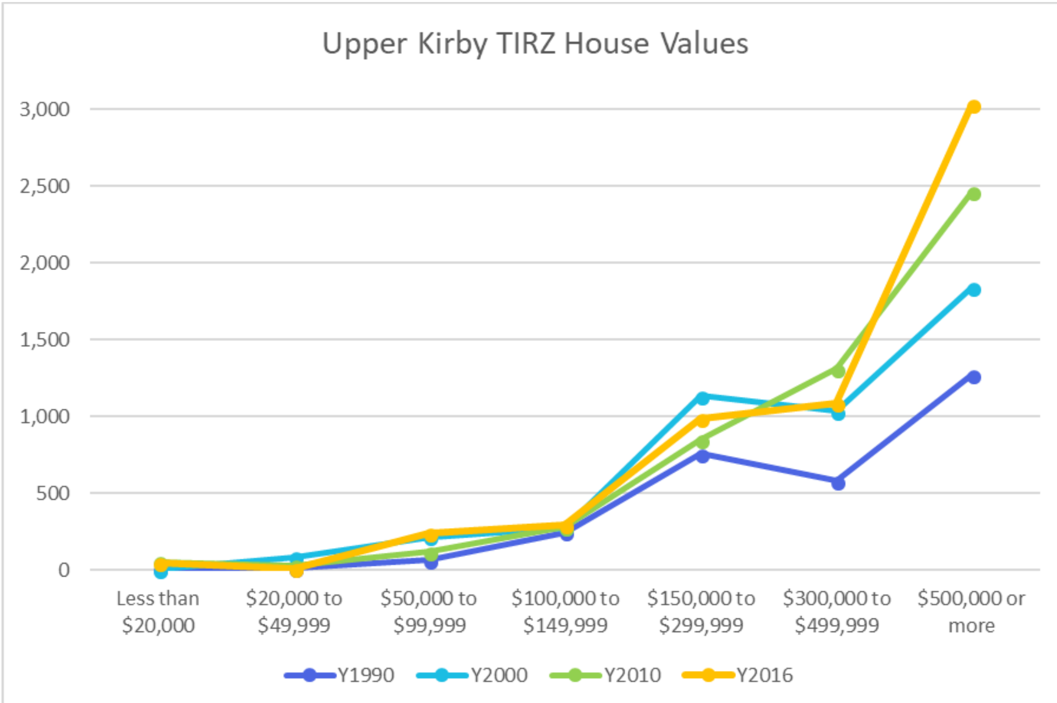
Upper Kirby TIRZ #19								
	1990		2000		2010		2016	
Statistics	TOTAL for Selected Census Tracts		TOTAL for Selected Census Tracts		TOTAL for Selected Census Tracts		TOTAL for Selected Census Tracts	
Total Population	17,230		21,040		23,587		26,033	
Number of Occupied Housing Units:	9,650		12,328		13,147		14,737	
Owner Occupied	3,788	39.3%	4,670	37.9%	5,114	38.9%	5,681	38.6%
Renter Occupied	5,862	60.8%	7,658	62.1%	8,033	61.1%	9,056	61.5%
Median Value of Owner-Occupied Units (2016 Inflation Adjusted Dollars)					$484,900		$557,241	
Specified owner-occupied housing units:	2,951		4,594		5,114		5,681	
Less than $20,000	12	0.4%	4	0.1%	55	1.1%	47	0.8%
$20,000 to $49,999	14	0.5%	86	1.9%	30	0.6%	7	0.1%
$50,000 to $99,999	66	2.2%	215	4.7%	121	2.4%	238	4.2%
$100,000 to $149,999	248	8.4%	278	6.1%	282	5.5%	291	5.1%
$150,000 to $299,999	758	25.7%	1,134	24.7%	849	16.6%	985	17.3%
$300,000 to $499,999	579	19.6%	1,036	22.5%	1,310	25.6%	1,085	19.1%
$500,000 or more	1,274	43.2%	1,842	40.1%	2,466	48.2%	3,028	53.2%
Median Gross Rent (2016 Inflation Adjusted Dollars)					$1,325		$1,516	
With cash rent:	5,747	98.2%	7,563		7,967		8,955	
Less than $300	215	3.7%	25	0.3%	13	0.2%	54	0.6%
$300 to $599	574	9.8%	493	6.5%	146	1.8%	66	0.7%
$600 to $999	2,530	43.2%	1,492	19.7%	1,469	18.4%	1,309	14.6%
$1,000 or more	2,428	41.5%	5,553	73.4%	6,340	79.6%	7,526	84.0%

Table 8, cont.

	1990		2000		2010		2016	
Median Household Income (2016 Inflation Adjusted Dollars)					$88,825		$93,715	
Households:	9,878		12,272		13,147		14,737	
Less than $10,000	497	5.1%	411	3.4%	490	3.7%	582	4.0%
$10,000 to $14,999	305	3.0%	227	1.9%	381	2.9%	380	2.6%
$15,000 to $19,999	331	3.3%	365	3.0%	321	2.4%	292	2.0%
$20,000 to $24,999	403	4.1%	333	2.7%	279	2.1%	325	2.2%
$25,000 to $29,999	412	4.2%	363	3.0%	305	2.3%	449	3.1%
$30,000 to $34,999	438	4.4%	497	4.1%	399	3.0%	441	3.0%
$35,000 to $39,999	255	4.6%	411	3.4%	471	3.6%	393	2.7%
$40,000 to $44,999	466	4.8%	394	3.2%	429	3.3%	370	2.5%
$45,000 to $49,999	355	3.6%	422	3.4%	478	3.6%	362	2.5%
$50,000 to $59,999	742	7.5%	694	5.7%	762	5.8%	1,088	7.4%
$60,000 to $74,999	887	9.0%	1,108	9.0%	1,245	9.5%	1,203	8.2%
$75,000 to $99,999	901	9.1%	1,415	11.5%	1,581	12.0%	1,867	12.7%
$100,000 to $124,999	633	6.4%	1,107	9.0%	1,385	10.5%	1,417	9.6%
$125,000 to $149,999	537	5.4%	914	7.5%	967	7.4%	1,011	6.9%
$150,000 or more	2,515	25.5%	3,613	29.4%	3,652	27.8%	4,557	30.9%
Households burdened by housing costs	2,467	24.97%	3,168	25.8%	4,036	30.7%	4,463	30.3%
Number of Households:	9,760		12,328		13,147		14,737	
Family Households:	3,813	39.1%	4,494	36.5%	4,815	36.6%	5,593	38.0%
Married-Couple Family:	3,042	31.2%	3,774	30.6%	3,933	29.9%	4,906	33.3%
Other Family:	771	7.9%	720	5.8%	882	6.7%	687	4.7%
Nonfamily Households:	5,947	60.9%	7,834	63.6%	8,332	63.4%	9,144	62.1%
Population for Whom Poverty Status Is Determined	17,116		21,074		23,512		25,982	
Under 1.00 (Doing Poorly)	1,250	7.3%	1,023	4.9%	1,193	5.1%	1,457	5.6%
1.00 to 1.99 (Struggling)	1,972	11.5%	1,613	7.7%	2,224	9.5%	1,563	6.0%
Under 2.00 (Poor or Struggling)	3,222	18.8%	2,636	12.5%	3,417	14.5%	3,020	11.6%
2.00 and Over (Doing Ok)	13,894	81.2%	18,438	87.5%	20,095	85.5%	22,962	88.4%

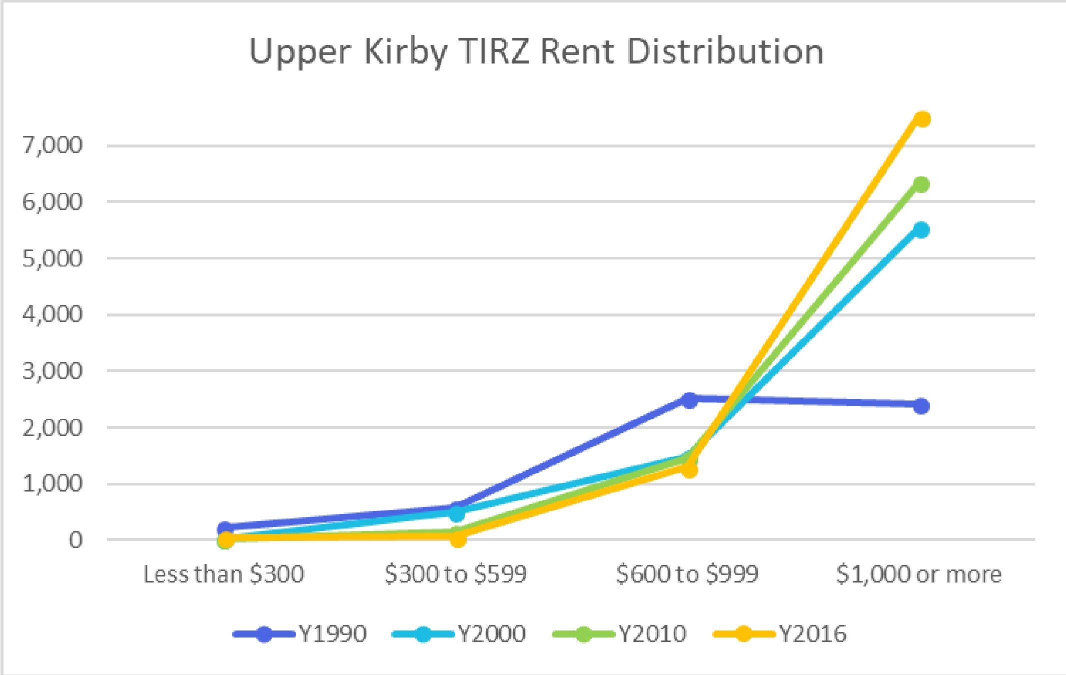
Housing costs grew dramatically between 1990 and 2016. In 1990 the median owner-occupied house was valued in the $300,000 to $499,999 range, with 25.7% of owner-occupied houses still within the $150,000-$299,999 range in 2016 dollars. (Social Explorer-Census 1990 on 2010 Geographies) By 2016 the median owner-occupied house was valued at $557,241. (Social Explorer 2016 ACS 5 Year) Most of the change was due to an increase in the number of houses valued at $1 million or more. (Social Explorer 2016 ACS 5 Year)

Figure 5. Upper Kirby TIRZ House Values



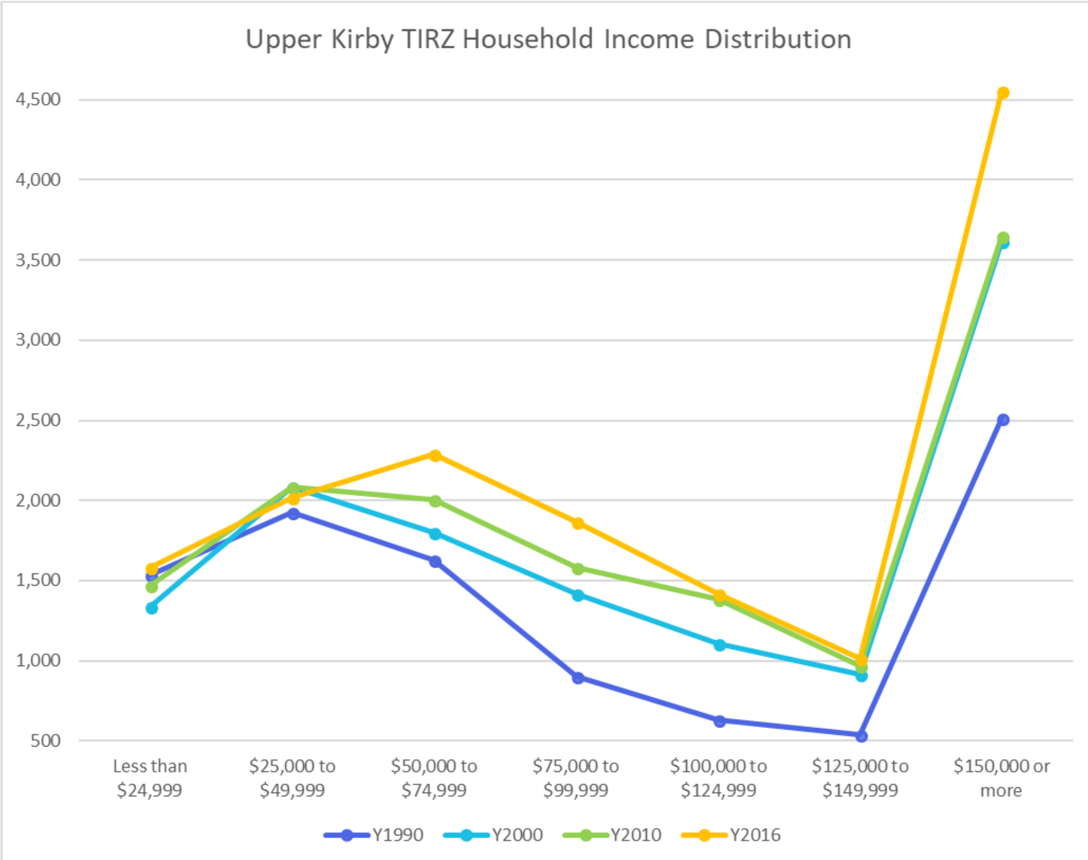
In 1990 the median gross rent was in the $750-$999 range in 2016 dollars. (Social Explorer-Census 1990 on 2010 Geographies) By 2016, the median gross rent was $1,516. (Social Explorer-2016 ACS 5 Year) In 1990, 24.9% of households were burdened by housing costs, but in 2016 30.3% of households were burdened by housing costs. (Social Explorer-Census 1990 on 2010 Geographies and 2016 ACS 5 Year)

Figure 6. Upper Kirby TIRZ Rent Distribution



The Median Household Income in the district also grew significantly. In 1990 the Median Household Income was $60,000--$74,499 in 2016 dollars. (Social Explorer-Census 1990 on 2010 Geographies) By 2016, the Median Household Income was $93,715. (Social Explorer 2016 ACS 5 Year) Given the Household Income numbers, the change in the percentage of households living in poverty was not unexpected. In 1990 18.8% of the district's population was living under 2.00 of the Poverty Level. (Social Explorer-Census 1990 on 2010 Geographies) By 2016 11.6% of the district's population was living under 2.00 of the Poverty Level. (Social Explorer 2016 ACS 5 Year) The absolute number of people living under 2.00 of the Poverty level was similar in 1990 and 2016 but the TIRZ gained about 9,000 residents over that time period. (Social Explorer-Census 1990 on 2010 Geographies and 2016 ACS 5 Year)

Figure 7. Upper Kirby TIRZ Household Income Distribution



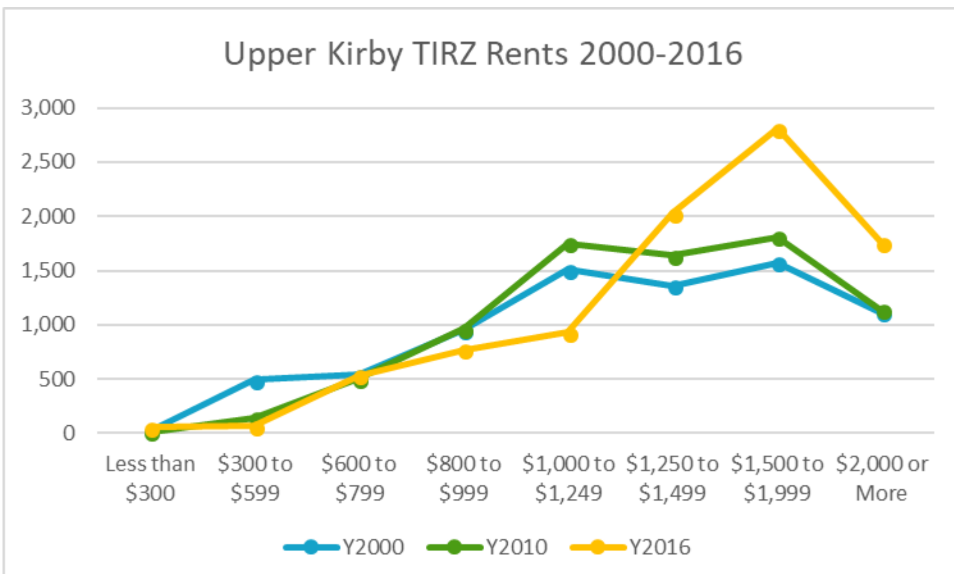
There seems to be a correlation between the number of family households and the number of owner-occupied housing units in this district. The number of family households in relation to all households changed relatively little from 1990 with 39.1% to 2016 with 38.0%. There was a small dip in the percentage of family households in 2000 and 2010, but then the percentage of family households rose again by 2016.

Tract 4115.02 lost 174 housing units from 2010 to 2016. More than half of those lost units can be attributed to the Upper Kirby District's purchase of an old apartment complex that it tore down and added to the acreage of Levy Park.

In 2010, 46.1% of renters in tract 4118 were paying 30% or more of their income in rent. By 2016, 40.5% of renters in the tract were paying 30% or more of their income in rent. The median income of renters in 2010 was $50,419 (in 2016 dollars) and was $67,964 in 2016. That fact combined with the 250 unit reduction in rental stock during that same time period makes it easy to conclude that the lower income renters were the ones that were forced to move away. (Social Explorer—2010 ACS 5 Year and 2016 ACS 5-Year)

The rent distribution pattern had already been established by the year 2000, but a more granular look at the rents from 2000 to 2016 shows an acceleration of rent increases from 2010-2016. 920 new rental units were built from 2000 to 2016, but more than 2,000 units were added to the $1250-1499, $1500-$1999 and $2000 and up ranges. (SE—2016 ACS 5-Year)

Figure 8. Upper Kirby TIRZ Rents 2000-2016



The Low-Income (80% of MFI) housing cost allowable for a one-person household is $970 per month. About 1,400 rental units or roughly 16% of the rental stock in Upper Kirby was renting for less than $1000 per month. (SE— 2016 ACS 5-Year) A Very Low Income (50% MFI) one-person household could pay $606.25 per month. There were 120 rental units that were less than $600 per month in 2016. 536 rental units were in the $600-$799 range, but there may not have been any just at $600 per month.

It would be even more difficult for a family making less than 80% of MFI to find rental housing in the district. HUD's Office of Community Planning and Development website, using 2013 ACS 5-Year data, states that a family at 80 % HAMFI would find 1,208 rental units, or 11.7% of the rental stock, in the Upper Kirby Census tracts that fall under the 30% guideline. There were 59 units that met the 50% HAMFI requirements and none that could accommodate a family at 30% HAMFI.

Like the Uptown TIRZ, the Upper Kirby TIRZ district has a small number of rental units that rent at a fraction of the market rate indicating that there may be some subsidies at work. Otherwise, there do not appear to be any efforts to maintain moderately priced housing in the Upper Kirby TIRZ. There are no City of Houston Housing and Community Development Department properties located within the TIRZ boundaries. There are no Community Development Corporations or other non-profit groups working in the Upper Kirby TIRZ area.

Old Spanish Trail/Almeda Corridor TIRZ 7

The Old Spanish Trail/Almeda Corridor TIRZ 7 was established in 1997. There was a lot going on in the OST/Almeda TIRZ tracts during the 1990-2016 time period, but a few patterns emerged. The population of the fifteen tracts that cover the TIRZ grew almost imperceptibly from 1990-2010, but then the population grew rapidly between 2010 and 2016. (Social Explorer-Census 1990 on 2010 Geographies, Census 2000 on 2010 Geographies, and Census 2010)

Table 9.Old Spanish Trail/Almeda TIRZ 7 Statistics for 1990, 2000, 2010, and 2016

Old Spanish Trail/Almeda TIRZ #7								
	1990		2000		2010		2016	
Statistics	Total for Selected Census Tracts		Total for Selected Census Tracts		Total for Selected Census Tracts		Total for Selected Census Tracts	
Total Population	44,499		45,594		44,829		49,815	
Number of Occupied Housing Units:	16,995		17,935		19,361		21,753	
Owner Occupied	6,879	40.5%	7,021	39.2%	6,851	35.4%	7,162	32.9%
Renter Occupied	10,116	59.5%	10,914	60.9%	12,510	64.6%	14,591	67.1%
Median Value of Owner-Occupied Housing Units (2016 Inflation Adjusted Dollars)			$78,269		$110,899		$128,092	
Specified owner-occupied housing units:	5,918		7,019		6,851		7,162	
Less than $20,000	418	7.1%	224	3.2%	135	2.0%	95	1.3%
$20,000 to $49,999	1,096	18.5%	1,536	21.9%	791	11.6%	689	9.6%
$50,000 to $99,999	2,389	40.4%	2,260	32.2%	2,038	29.8%	2,106	29.4%
$100,000 to $149,999	958	16.2%	1,309	18.7%	1,061	15.5%	945	13.2%
$150,000 to $299,999	811	13.7%	826	11.8%	1,521	22.2%	1,643	22.9%
$300,000 to $499,999	194	3.3%	548	7.8%	865	12.6%	1,098	15.3%
$500,000 or more	51	0.9%	316	4.6%	440	6.4%	586	8.2%
Median Gross Rent (2016 Inflation Adjusted Dollars)			$619		$880		$959	
Specified renter-occupied housing units:	9,966							
With cash rent:	9,416	94.5%	10,177		12,023		14,183	
Less than $300	2,416	24.2%	1,361	13.4%	881	7.3%	705	5.0%
$300 to $599	2,399	24.1%	2,930	28.8%	2,279	19.0%	1,634	11.5%
$600 to $999	3,128	31.4%	4,087	40.1%	3,891	32.3%	5,183	36.5%
$1,000 or more	1,472	14.8%	1,798	17.6%	4,972	41.3%	6,661	47.0%
No cash rent	550	5.5%						

Table 9, cont.

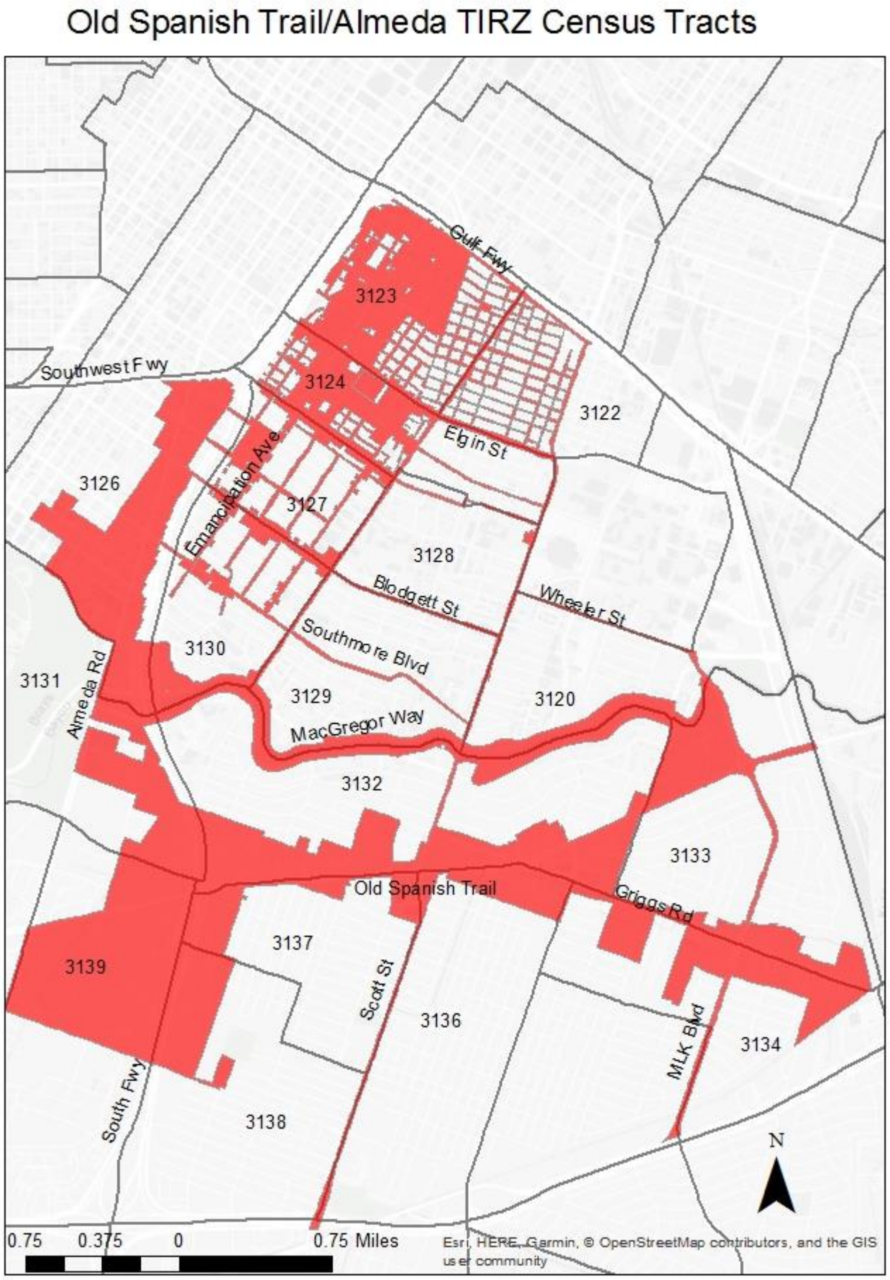
	1990		2000		2010		2016	
Median Household Income (2016 Inflation Adjusted Dollars)			$32,552		$37,082		$42,924	
Households:	16,913		17,982		19,361		21,753	
Less than $10,000	4,042	23.9%	3,221	17.9%	3,074	15.9%	3,009	13.8%
$10,000 to $14,999	1,433	8.4%	1,605	8.9%	1,774	9.2%	1,624	7.5%
$15,000 to $19,999	1,392	8.2%	1,357	7.5%	1,344	6.9%	1,596	7.3%
$20,000 to $24,999	1,195	7.1%	1,227	6.8%	1,078	5.6%	1,320	6.1%
$25,000 to $29,999	929	5.5%	1,101	6.1%	942	4.9%	889	4.1%
$30,000 to $34,999	860	5.1%	825	4.6%	962	5.0%	1,115	5.1%
$35,000 to $39,999	770	4.5%	803	4.5%	1,045	5.4%	695	3.2%
$40,000 to $44,999	671	4.0%	767	4.3%	837	4.3%	1,030	4.7%
$45,000 to $49,999	588	3.5%	738	4.1%	759	3.9%	822	3.8%
$50,000 to $59,999	1,002	6.0%	1,212	6.7%	1,437	7.4%	1,563	7.2%
$60,000 to $74,999	1,029	6.1%	1,234	6.9%	1,636	8.5%	1,831	8.4%
$75,000 to $99,999	1,218	7.2%	1,440	8.0%	1,464	7.6%	1,899	8.7%
$100,000 to $124,999	637	3.8%	774	4.3%	1,008	5.2%	1,257	5.8%
$125,000 to $149,999	387	2.3%	577	3.2%	595	3.1%	976	4.5%
$150,000 or more	763	4.5%	1,101	6.2%	1,406	7.2%	2,127	9.8%
Households burdened by housing costs	6,536	38.6%	5,869	32.6%	7,944	41.0%	8,203	37.7%
Households:	16,976		16,361		19,361		21,753	
Family Households:	10,051	59.2%	9,111	55.7%	9,463	48.9%	9,999	46.0%
Married-Couple Family:	4,587	27.0%	4,110	25.1%	4,507	23.3%	5,114	23.5%
Other Family:	5,464	32.2%	5,000	30.6%	4,956	25.6%	4,885	22.5%
Nonfamily Households:	6,926	40.8%	7,250	44.3%	9,898	51.1%	11,754	54.0%
Population for Whom Poverty Status Is Determined	42,799		39,132		43,558		48,297	
Under 1.00 (Doing Poorly)	16,470	38.5%	12,755	32.6%	12,773	29.3%	12,535	26.0%
1.00 to 1.99 (Struggling)	10,412	24.3%	8,968	22.9%	9,637	22.1%	10,360	21.5%
Under 2.00 (Poor or Struggling)	26,881	62.8%	21,724	55.5%	22,410	51.5%	22,895	47.4%
2.00 and Over (Doing Ok)	15,917	37.2%	17,408	44.5%	21,148	48.6%	25,402	52.6%

Although Census tracts 3120 and 3129 are within the district's most recent boundaries, they are not included in the analysis of the OST/Almeda TIRZ because they were not part of the TIRZ in 2010.

Table 10. Census Tracts included in Old Spanish Trail/Almeda TIRZ 7

Census Tracts in Old Spanish Trail/Almeda TIRZ							
3122	3123	3124	3126	3127	3128	3130	3131
3132	3133	3134	3136	3137	3138	3139	

Map 8. Old Spanish Trail/Almeda TIRZ #7 Census Tracts



In 2010, the population was 44,829 and in 2016 it was 49,815. (Social Explorer-Census 2010 Geographies and 2016 ACS 5 Year) Between 1990 and 2000 there had been significant demolitions to rid neighborhoods of abandoned and derelict properties resulting in a net loss of about 1,700 homes. (Social Explorer-Census 1990 on 2010 Geographies and Census 2000 on 2010 Geographies)

Within a Census tract a decline in the number of housing units usually correlated with a decline in population, but that was not always the case. By 2010 the number of housing units had surpassed the 1990 number of 22,558 with 28,418 housing units, although the accelerated population growth had not yet begun. (Social Explorer-Census 1990 on 2010 Geographies, and Census 2010) There was a 21.3% vacancy rate overall. Part of this mismatch was due to the real estate collapse, in which a few luxury apartment towers were foreclosed upon. (Sarnoff 2010)

Over the 1990-2016 time period the OST Census tracts became increasingly renter-dominated and flipped from a majority family household area to a majority non-family household area. This change first appeared in 2010 where 51.1% of households were non-family. (Social Explorer—2010 ACS 5-Year)

Although the median value of owner-occupied housing units was modest in 2016, it had grown dramatically from 2000 to 2016. In 2000 the median value of owner-occupied housing units was $78,269 in 2016 dollars, and the median value was $128,092 in 2016. (Social Explorer-Census 2000 and 2016 ACS 5 Year) In 1990 the median value of owner-occupied housing units was in the $50,000 to $99,999 range, but because of changes in Census Tracts' geographies more specific data is not available from the Census. (Social Explorer-Census 1990 on 2010 Geographies) This limits one's ability to draw conclusions about the change in house values from 1990 into the future, but the graph below illustrates the general distribution of house values at four moments in time. As the graph demonstrates, 2010 and 2016 have very similar house value distributions and both show that they are missing middle class home ownership opportunities. As a point of comparison, Harris County's median value for owner-occupied housing units was $145,600 in 2016.

Figure 9. Old Spanish Trail/Almeda TIRZ Owner-Occupied House Values

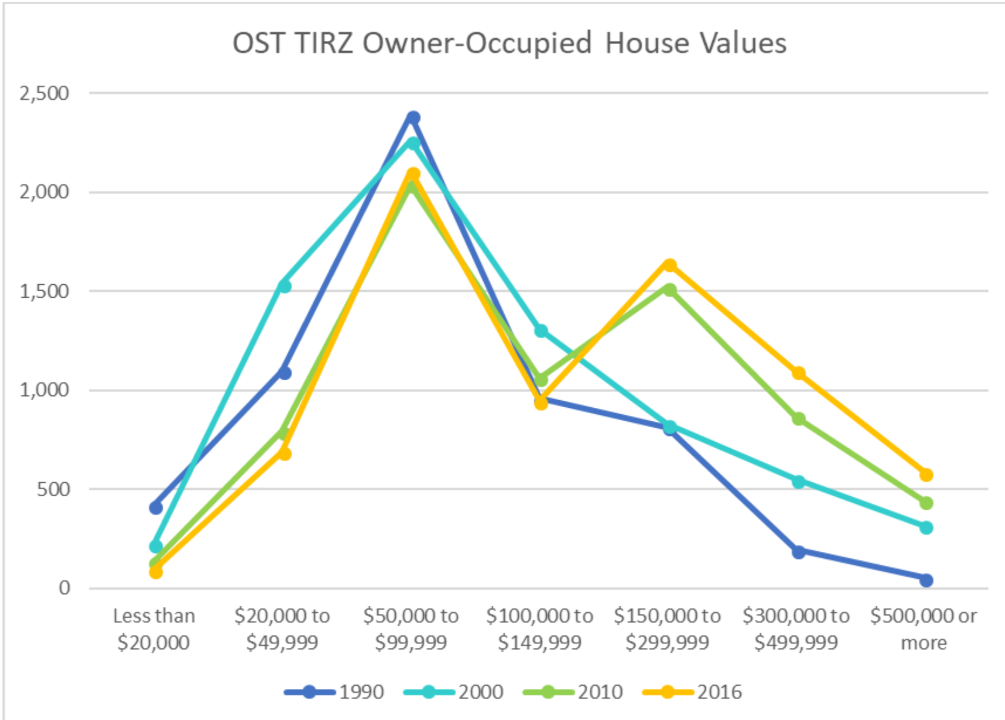
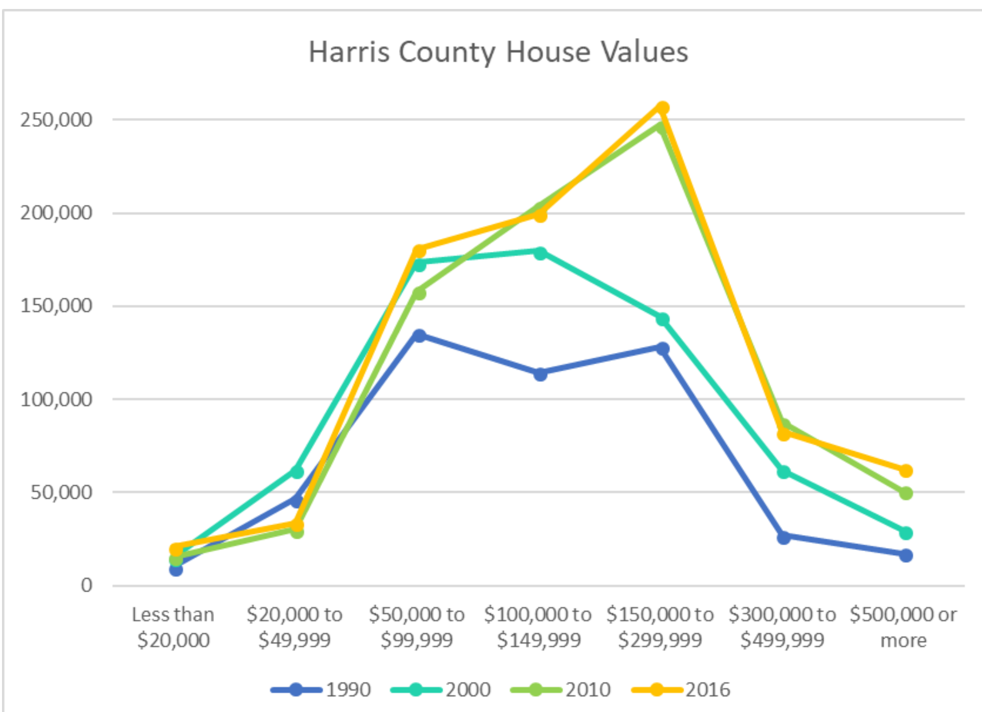
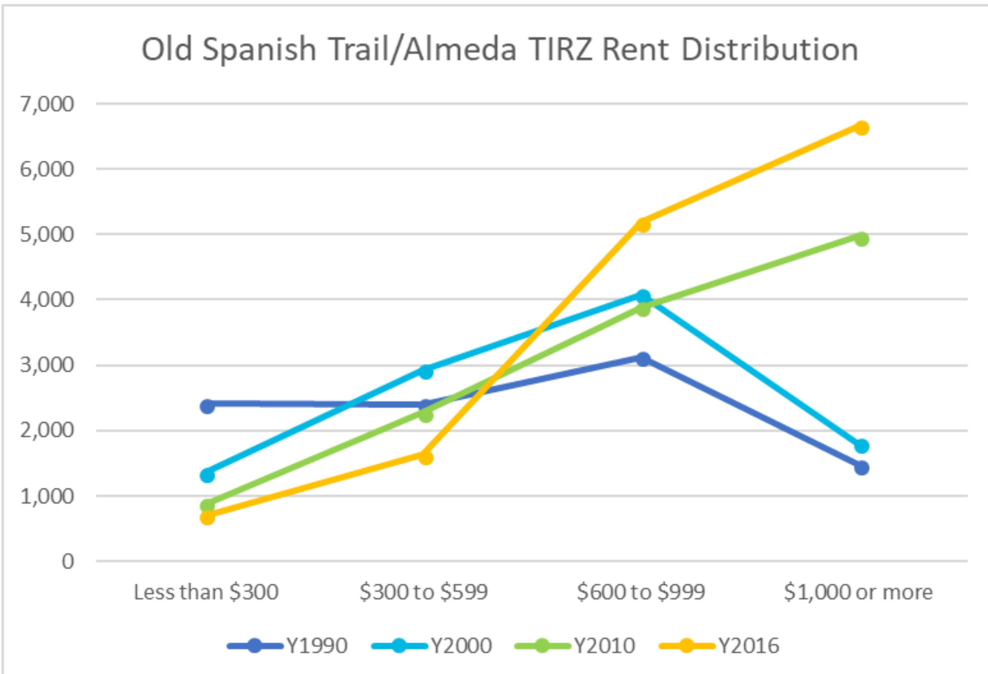


Figure 10. Harris County House Values



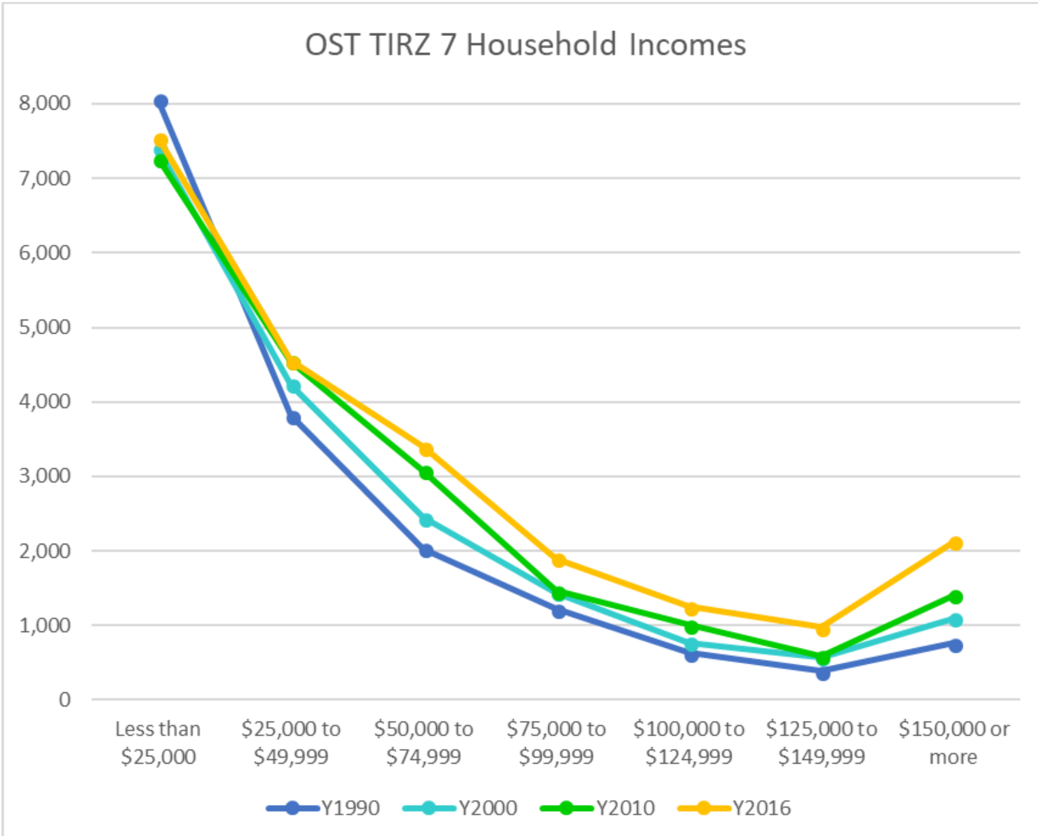
Rents have also steadily increased from 1990-2016. The most significant change occurred between 2000 and 2010 when the median gross rent jumped 42% percent in real terms. Unlike Uptown and Upper Kirby, OST/Almeda did not have an established rent distribution pattern by 2000.

Figure 11. Old Spanish Trail/Almeda TIRZ Rent Distribution



The income distribution curve has remained similar throughout the examined 26-year time period. The OST TIRZ 7 area has had a high concentration of people living in poverty for a long time. Although the percentage of people living at less than 200% of the poverty level has steadily declined, high poverty rates remain even in 2016.

Figure 12. Old Spanish Trail/Almeda TIRZ #7 Household Incomes



The percentage of households burdened by housing costs has risen and fallen throughout the 1990-2016 time period. The highest percentage of households burdened was in the year 2010 at 41.0% and the most recent data shows that 37.7% of households were burdened by housing costs in 2016.

Not all of the eventual population growth may be tied to professionals moving to the inner city, though. The University of Houston and Texas Southern University are both within the TIRZ, and U of H, at least, has had several private dorms built since 2010. (Mulvaney 2014) The tract 3120 surrounding much of the university had its population increase from 3,000 in 2010 to 6,000 in 2016. (Social Explorer—2010 ACS 5 Year and 2016 ACS 5 Year) Tract 3120 was not annexed by the TIRZ until after 2010, so it is not included in the population totals for TIRZ 7, but the adjacent residential construction activity would certainly have an impact on the surrounding tracts, especially if the intention was to create student housing to foster a more traditional university experience.

The Low-Income (80% of MFI) housing cost allowable for a one-person household is $970 per month. About 7,202 rental units or roughly 50.8% of the rental stock in OST/Almeda was renting for less than $970 per month. (SE— 2016 ACS 5-Year) A Very Low Income (50% MFI) one-person household could pay $606.25 per month. There were about 2,443 rental units that would meet that requirement in 2016. (SE— 2016 ACS 5-Year) An Extremely Low Income (30%) one-person household could pay $363.75 per month. About 1,050 units could be rented for that amount or less. (SE— 2016 ACS 5-Year)

To make a rough estimate of how many affordable housing units have been lost, I will compare the 2016 HERA income limits for 80%, 50%, and 30% MFI for a one-person household with the number of units available in the years 2000 and 2010 with rents in 2016 dollars.

Figure 13. Housing Units Available for a One-Person Household in OST/Almeda TIRZ

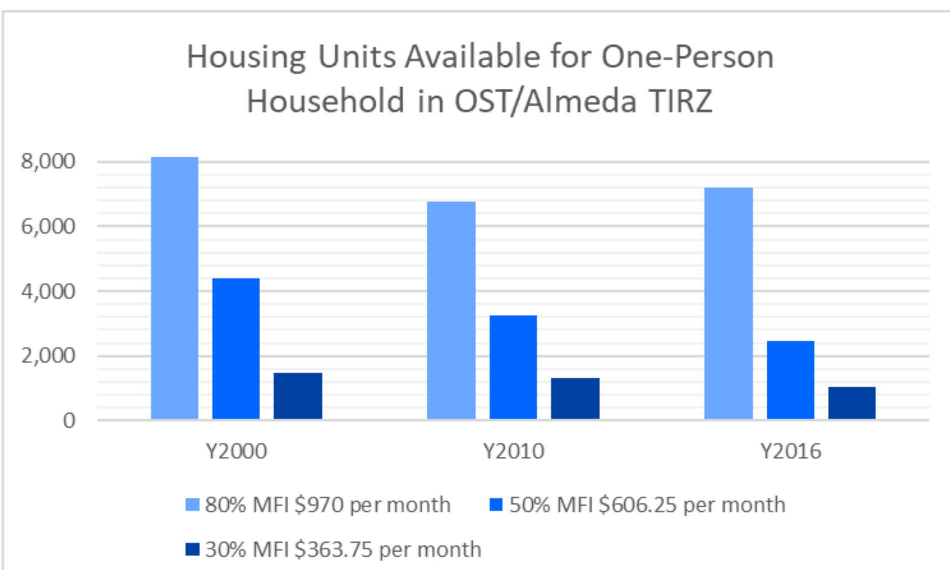
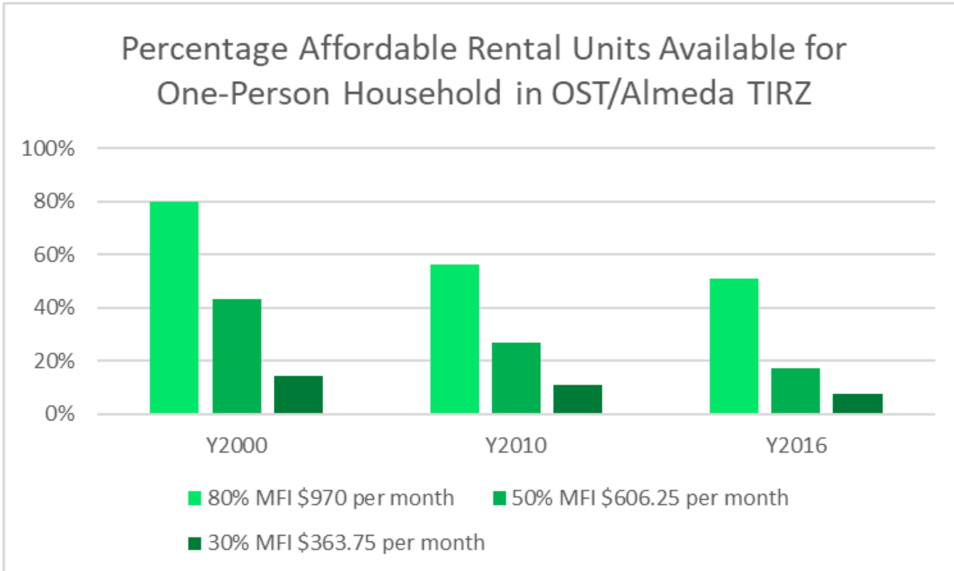


Figure 14. Percentage Affordable Rental Units Available for a One-Person Household in OST/Almeda TIRZ



It would be more difficult for a family making less than 80% of MFI to find rental housing in the district. HUD's Office of Community Planning and Development website, using 2013 ACS 5-Year data, states that a family at 80 % HAMFI would find 9,165 rental units, or 35.1% of the rental stock, in the OST/Almeda Census tracts that fall under the 30% guideline. There were 4,734 units that met the 50% HAMFI requirements and 1,169 that could accommodate a family at 30% HAMFI.

The OST/Alameda TIRZ made a commitment at its creation in 1997 to contribute $3.5 million to affordable housing over the life of the TIRZ. The $3.5 million is still listed in the yearly budgets but as of 2017 no contributions have been made. There is no evidence in the publicly available documents that the TIRZ/Redevelopment Authority has spent any money directly on affordable housing provision either in the zone or by contributing funds to the city to use anywhere. There are other groups that are working in TIRZ 7 towards assisting residents with their affordable housing needs. The heralded Project Row Houses is in the TIRZ and has opened affordable housing units on its own property and provides assistance to people already in housing struggling to pay the costs of home ownership. (Foster 2008) There are multiple church-based

CDCs also working in the TIRZ. The City of Houston's Housing and Community Development Department has seven affiliated properties in the TIRZ as well.

Using mainly Census data it is difficult to determine exact numbers in changes in affordable housing units, especially with the high vacancy rates of the OST/Almeda TIRZ. In 2016, the fifteen Census tracts in this TIRZ had an average vacancy rate of 18.7%. (SE—2016 ACS 5-Year) Another complicating factor, unique to OST/Almeda TIRZ, is the large number of one unit detached structures being used as rental property. Unlike units in a large multi-family property, a detached house can flip from being a rental property to an owner-occupied house and back again several times over the course of a decade making it difficult to trace. In 2016, there were 3,514 detached rental units in the TIRZ.

The street and sidewalk improvements and utility projects have undoubtedly improved the quality of life for the residents of the TIRZ, and have likely caused property values to increase, but it is not clear what the strength of the causation is. The western tracts have benefitted from the spillover from Midtown, the Museum District, Hermann Park, and the Texas Medical Center and are where the vast majority of new construction has occurred. The tracts surrounding the universities have different challenges than the Historic Third Ward.

Southwest Houston TIRZ 20

The Southwest Houston TIRZ covers a large, densely populated area that has become the most ethnically diverse part of the most ethnically diverse city in the country. This creates a complex redevelopment task with many moving parts.

Map 9. Southwest Houston TIRZ #20 Census Tracts

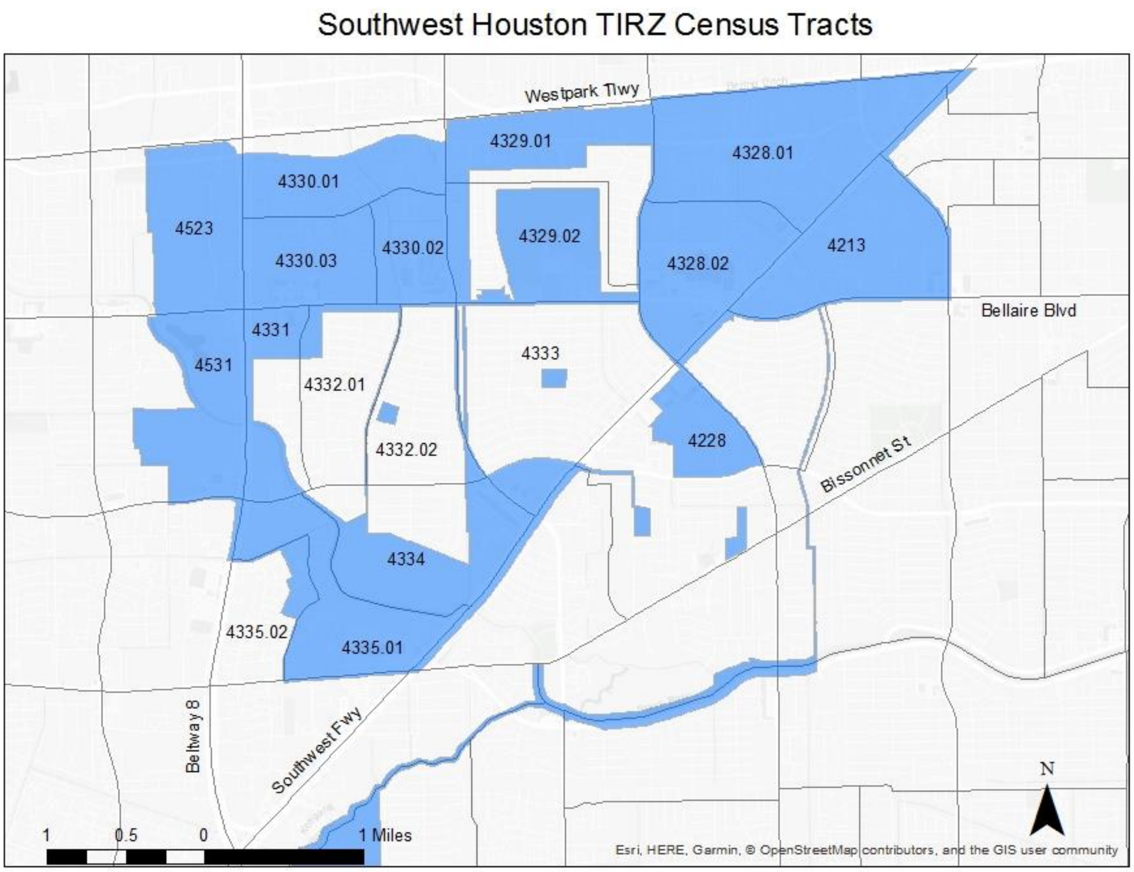


Table 11. Southwest Houston TIRZ 20 Statistics for 1990, 2000, 2010, and 2016

Southwest Houston TIRZ #20								
	1990		2000		2010		2016	
Statistics	Total for Selected Census Tracts		Total for Selected Census Tracts		Total for Selected Census Tracts		Total for Selected Census Tracts	
Total Population	60,084		76,948		69,912		82,264	
Number of Occupied Housing Units:	25,122		27,695		24,282		27,705	
Owner Occupied	6,208	24.7%	6,022	21.7%	5,745	23.7%	5,911	21.3%
Renter Occupied	18,915	75.3%	21,673	78.3%	18,537	76.3%	21,794	78.7%
Median Value of Owner-Occupied Housing Units (2016 Inflation Adjusted Dollars)			$111,909		$123,197		$114,573	
Specified owner-occupied housing units:	5,295		6,042		5,745		5,911	
Less than $20,000	19	0.4%	219	3.6%	187	3.3%	172	2.9%
$20,000 to $49,999	239	4.5%	575	9.5%	421	7.3%	491	8.3%
$50,000 to $99,999	1,104	20.9%	1,980	32.8%	1,218	21.2%	1,478	25.0%
$100,000 to $149,999	2,175	41.1%	2,192	36.3%	2,205	38.4%	2,125	36.0%
$150,000 to $299,999	1,716	32.4%	971	16.1%	1,486	25.9%	1,470	24.9%
$300,000 to $499,999	36	0.7%	76	1.3%	206	3.6%	134	2.3%
$500,000 or more	6	0.1%	30	0.5%	20	0.4%	41	0.7%
Median Gross Rent (2016 Inflation Adjusted Dollars)			$721		$764		$723	
With cash rent:	18,702	99.1%	21,487		17,549		21,411	
Less than $300	2,996	15.9%	353	1.6%	267	1.5%	433	2.0%
$300 to $599	3,763	19.9%	6,505	30.3%	4,565	26.0%	4,087	19.1%
$600 to $999	8,805	46.6%	11,168	51.9%	9,324	53.2%	14,138	66.1%
$1,000 or more	3,138	16.6%	3,461	16.1%	3,394	19.4%	2,753	12.9%
No cash rent	176	0.9%						
Median Household Income (2016 Inflation Adjusted Dollars)			$39,404		$30,939		$28,735	
Households:	25,235		27,812		24,282		27,705	
Less than $10,000	2,155	8.5%	2,516	9.1%	2,595	10.7%	3,546	12.8%
$10,000 to $14,999	1,413	5.6%	1,358	4.9%	2,174	9.0%	2,181	7.9%
$15,000 to $19,999	1,500	5.9%	1,964	7.1%	2,186	9.0%	2,851	10.3%
$20,000 to $24,999	1,640	6.5%	2,004	7.2%	2,407	9.9%	3,339	12.1%
$25,000 to $29,999	1,434	5.7%	2,053	7.4%	2,293	9.4%	2,485	9.0%
$30,000 to $34,999	1,630	6.5%	2,024	7.3%	1,986	8.2%	2,235	8.1%
$35,000 to $39,999	1,691	6.7%	2,079	7.5%	1,823	7.5%	1,745	6.3%
$40,000 to $44,999	1,471	5.9%	1,910	6.9%	1,446	6.0%	1,618	5.8%
$45,000 to $49,999	1,260	5.0%	1,638	5.9%	1,190	4.9%	1,070	3.9%
$50,000 to $59,999	2,361	9.3%	2,347	8.4%	1,362	5.6%	1,611	5.8%
$60,000 to $74,999	2,322	9.2%	2,392	8.6%	1,433	5.9%	1,636	5.9%
$75,000 to $99,999	2,642	10.5%	2,382	8.6%	1,261	5.2%	1,629	5.9%
$100,000 to $124,999	1,327	5.3%	1,077	3.9%	864	3.6%	757	2.7%
$125,000 to $149,999	915	3.6%	754	2.7%	516	2.1%	259	0.9%
$150,000 or more	1,474	5.8%	1,313	4.7%	747	3.1%	743	2.7%

Table 11, cont.

	1990		2000		2010		2016	
Households Burdened by Housing Costs	7,202	28.5%	9,294	33.4%	11,654	48.0%	13,242	47.8%
Households:	25,122		27,695		24,282		27,705	
Family Households:	14,281	56.9%	18,180	65.6%	15,387	63.4%	18,062	65.2%
Married-Couple Family:	9,790	39.0%	11,524	41.6%	8,782	36.2%	9,712	35.1%
Other Family:	4,491	17.9%	6,656	24.0%	6,605	27.2%	8,350	30.1%
Nonfamily Households:	10,841	43.2%	9,515	34.4%	8,895	36.6%	9,643	34.8%
Population for Whom Poverty Status Is Determined	59,210		76,614		68,943		81,937	
Under 1.00 (Doing Poorly)	12,057	20.4%	19,543	25.5%	22,538	32.7%	29,472	36.0%
1.00 to 1.99 (Struggling)	14,020	23.7%	24,093	31.5%	23,243	33.7%	26,613	32.5%
Under 2.00 (Poor or Struggling)	26,077	44.0%	43,636	57.0%	45,781	66.4%	56,085	68.5%
2.00 and Over (Doing Ok)	33,132	56.0%	32,978	43.0%	23,162	33.6%	25,852	31.6%

The Southwest Houston TIRZ 20 was established in 1999 and continues to operate today. The current TIRZ 20 boundaries overlap twenty-one Census tracts, but only those tracts that were within the boundaries in 2010 will be examined.

Table 12. Census Tracts Analyzed in Southwest Houston TIRZ 20

Census Tracts Analyzed in Southwest Houston TIRZ 20							
4328.01	4328.02	4329.01	4329.02	4330.01	4330.02	4330.03	4331
4332.01	4332.02	4333	4334	4335.01	4335.02	4523	4531

The Southwest TIRZ has not followed a predictable path. Its population growth has been seemingly erratic. Displaying the net growth or loss of population of the sixteen Census tracts combined does little to explain what was happening in the TIRZ during the 1990-2016 time period.

Table 13. Total Population Numbers for Southwest Houston TIRZ 20

Year	1990	2000	2010	2016
Total Population	60,084	76,948	69,912	82,264

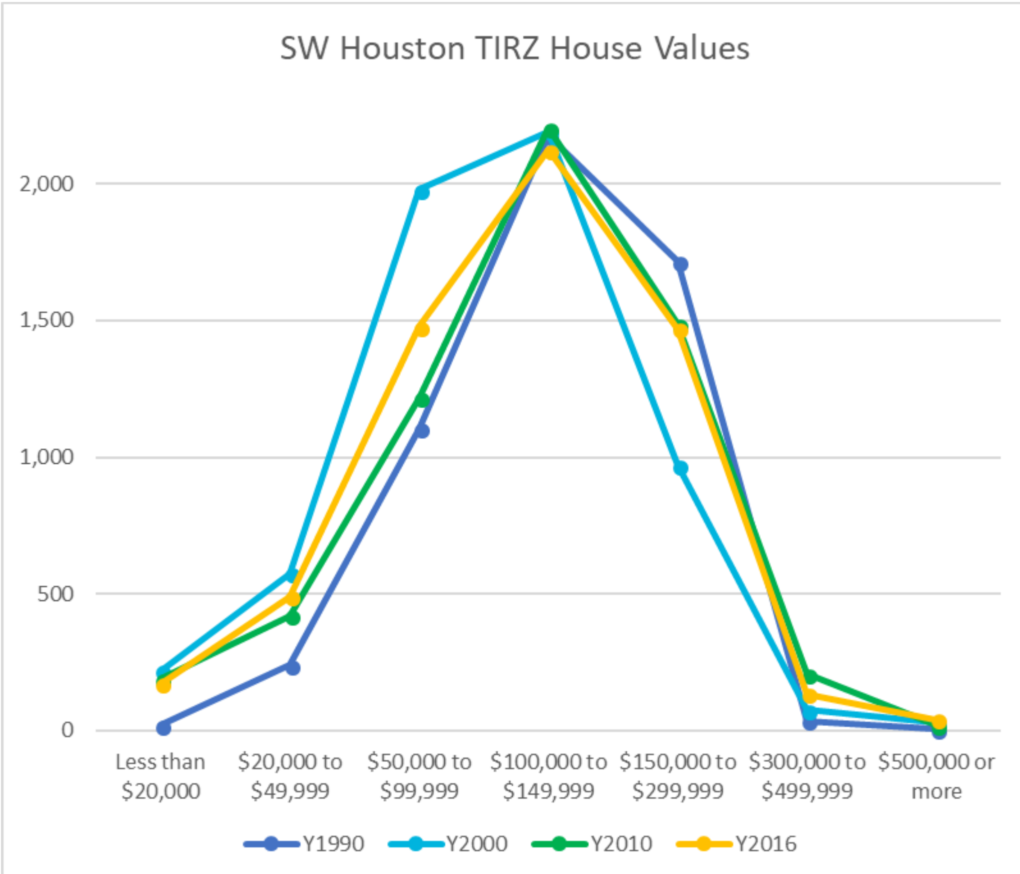
The number of housing units and the number of occupied units also bumped up and down, but were not in sync with one another. Vacancy rates were as high as 24.2% in 2010 and reached a low of 6.4% in 2000. (Social Explorer-Census 2000 on 2010 Geographies and 2010 Census ACS 5 Year)

Table 14. Total Housing Units and Occupied Housing Units in Southwest Houston TIRZ 20

Year	1990	2000	2010	2016
Housing Units	30,786	29,596	32,041	31,904
Occupied Housing Units	25,122	27,695	24,282	27,705

The percentage of renter occupied housing units increased slightly from 75.3% in 1990 to 78.7 % in 2016. (Social Explorer-Census 1990 on 2010 Geographies and 2016 ACS 5 Year) This renter-occupied housing unit increase coincided with a growth in the proportion of family households from 56.9% in 1990 to 65.2% in 2016. (Social Explorer-Census 1990 on 2010 Geographies and 2016 ACS 5 Year) In 1990 eight of the tracts had majority family households, but from 2000 onward all sixteen tracts were majority family households.

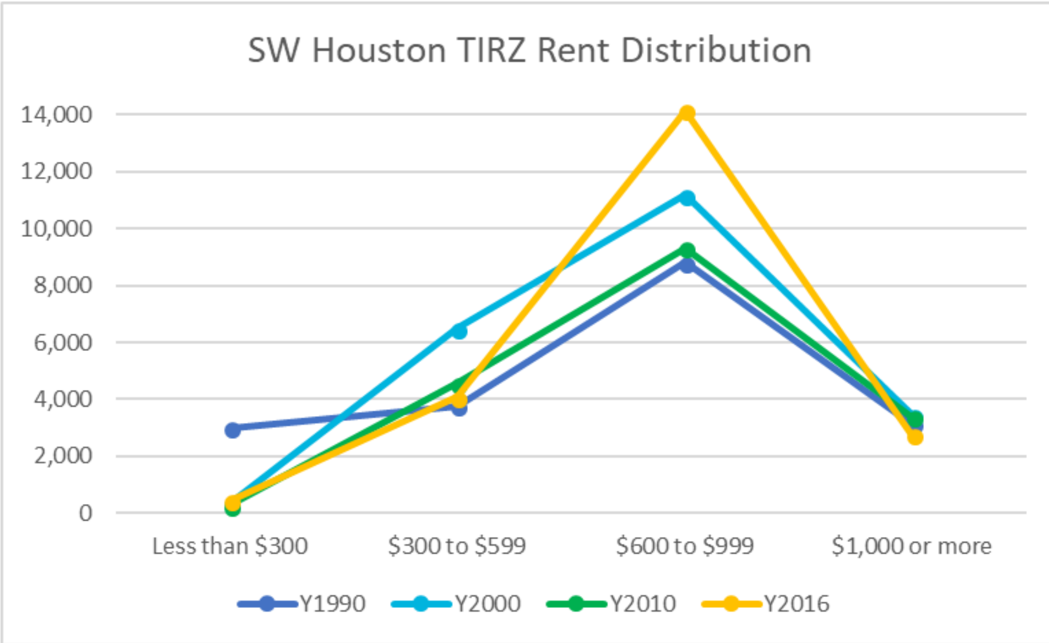
Figure 15. Southwest Houston TIRZ House Values



Median housing costs changed little from 1990 to 2016. In 1990 the median owner-occupied house was valued in the $100,000 to $149,999 range in 2016 dollars. (Social Explorer-Census 1990 on 2010 Geographies) In 2000 the median owner-occupied house was $111,909 in 2016 dollars. (Social Explorer-Census 2000) The median owner-occupied house reached a high value in 2010 at $123,197 in 2016 dollars and then in 2016 the median owner-occupied house was valued at $114,573. (Social Explorer 2010 ACS 5 Year and 2016 ACS 5 Year) In 1990 the median gross rent was in the $600-$749 range in 2016 dollars. (Social Explorer-Census 1990 on 2010 Geographies) By 2016, the median gross rent was $723. (Social Explorer-2016 ACS 5 Year) HUD's Office of Community Planning and Development website, using 2013 ACS 5-Year data, states that a family at 80 % HAMFI would find 21,187 rental units in the Southwest Houston

TIRZ Census tracts that fall under the 30% guideline. There were 11,113 units that met the 50% HAMFI requirements and 735 that could accommodate a family at 30% HAMFI.

Figure 16. Southwest Houston TIRZ Rent Distribution



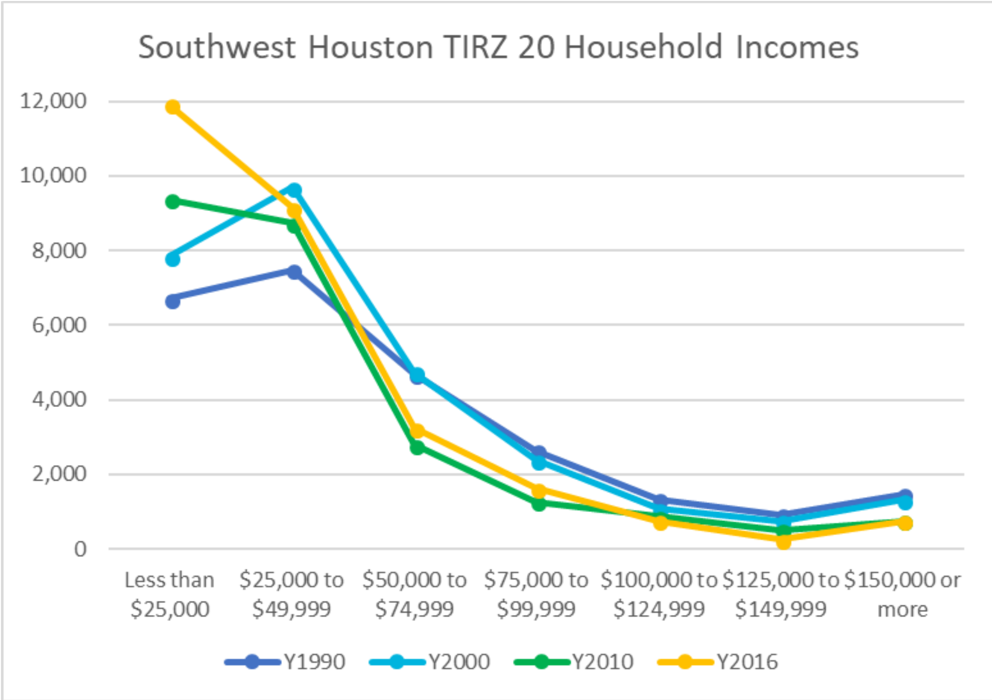
Despite the small change in housing costs, the percentage of households burdened by those costs grew dramatically between 1990 and 2016. This was due to the decline in median household income in every Census tract from 1990 to 2016. In 1990, 28.5% of households were burdened by housing costs, but in 2016 47.8% of households were burdened by housing costs. (Social Explorer-Census 1990 on 2010 Geographies and 2016 ACS 5 Year)

Compared to the other TIRZ districts, Southwest TIRZ had very little new residential construction after its creation. In 2016, there were only 604 occupied rental units that were built between 2000 and 2009 or 2.8% of its rental stock. (SE—2016 ACS 5-Year) That same year only 166 housing units built between 2010 and 2013 were occupied or .8% of the rental housing stock. (SE—2016 ACS 5-Year) The new construction was concentrated along the Western edge of the district near Beltway 8. Most of the new units rented for higher than the median for their respective tracts. An exception to this was 161 units built in tract 4330.03 that had a median rent of $585, below the tract-wide median of $725. (SE—2016 ACS 5-Year)

The percentage of renter households burdened was even greater than that of the homeowners and reached 53.3% in 2016. Interestingly, the percentage of homeowners burdened by housing costs decreased from 2010 to 2016. This appears to be due, at least partially, to the fact that in 2010 a majority of homeowners had a mortgage, but only a minority of homeowners carried a mortgage in 2016. The percentage of home owners with a mortgage was 54.6% in 2010 and it was 46.3% in 2016. In 2010 48.2% of those that carried a mortgage were burdened by housing costs and in 2016 39.6% of mortgagors were burdened. Some of those 2010 burdened mortgagors where able to move into the mortgage-free category by 2016.

In 1990 the Median Household Income was $40,000--$44,999 in 2016 dollars. (Social Explorer-Census 1990 on 2010 Geographies) The Median Household Income had dropped to $28,735 by the year 2016 (Social Explorer 2016 ACS 5 Year) The sharp decline in median household income also resulted in an increase in the percentage of households living under 2.00 times the Poverty Level. In 1990 44.0% of the district’s population was living under 2.00 times the Poverty Level. (Social Explorer-Census 1990 on 2010 Geographies) By 2016 68.5% of the district’s population was living under 2.00 times the Poverty Level. (Social Explorer 2016 ACS 5 Year)

Figure 17. Southwest Houston TIRZ 20 Household Incomes



One clear pattern has emerged from the sixteen Census tracts: more and more of renters' incomes are going towards housing costs.

Table 15. Percentage of Renters Burdened with Housing Costs in Southwest Houston TIRZ 20

Year	1990	2000	2010	2016
Percentage of Renters Who Pay 30% or More of Income on Housing	34.1%	37.8%	52.9%	53.3%

Residential property values did not rise appreciably within the Southwest Houston TIRZ during the 1990-2016 timeframe. Despite this, there has been a worsening housing affordability problem within the zone. The sharp decline in median household income from 1990 to 2016 is not reflective of the income trends in Harris County. The churning of occupied housing units, vacant units, and new residents makes it appear that this area is a destination for low-income newcomers.

Nowhere in the TIRZ's creation papers or project plans is affordable housing mentioned. The only mention of affordable housing in any of the documents I was given access to was the FY2014 budget in which the TIRZ reimbursed Midway Companies LLC, a real estate development firm, $750,000 for something related to affordable housing.

There are four multi-family properties in the zone that are affiliated with the City of Houston Housing and Community Development Department. Other social service agencies are active in and around the zone, but it is not clear that affordable housing is one of their priorities.

The Census Bureau's changes in geographies and money related ranges make it difficult to know for certain how much rents, house values and incomes have changed from 1990 to 2016. It is especially difficult to find trends in an area such as the Southwest Houston TIRZ that does not appear to follow city or larger area-wide patterns.

Chapter 5 -- Conclusions and Recommendations

Tax Increment Finance-related investments have not been allocated directly to stimulate the development of new affordable housing units in any of the four districts. Any TIF funds that would have indirectly been used to develop new affordable housing would have gone through the City of Houston Housing and Community Development Department from Uptown TIRZ 16's mandated affordable housing allocation. During this time period three of the four districts saw substantial increases in housing costs and all showed increases in the number of households burdened by those costs. In addition to the indirect effect on housing costs, one district was directly responsible for the removal of existing lower cost housing units and provided no replacement housing for those lost affordable units.

There is no indication that any new affordable housing units have been built in Uptown TIRZ 16, or Upper Kirby TIRZ 19 since their respective beginnings. It is difficult to determine if there have been new affordable units built in the OST/Almeda TIRZ 7, but there has been a net loss of affordable units overall. Southwest Houston TIRZ 20 has had minimal new construction since the year 2000. TIRZ 20 has relatively low market rate rents, so with the information available it appears only 161 below market rate housing units have been built.

Land and housing costs had been increasing in the Uptown TIRZ area before the district was created in 1999, so although the TIRZ might have contributed to the redevelopment intensity, it did not set the ball in motion. The most dramatic loss of affordable rental units happened between 1990 and 2000. It could have been that the creation of the TIRZ convinced property owners that it was the time to demolish and rebuild rather than continue to raise rents on their existing properties. Given Uptown TIRZ's starting conditions it is not apparent how Uptown met the "substantial number of substandard, slum, deteriorated, or deteriorating structures" statutory requirement or why the City Council agreed that "development or redevelopment would not occur solely through private investment in the reasonably foreseeable future."

Upper Kirby TIRZ had also seen increasing land and housing costs before the district was created in 1999. The Upper Kirby Redevelopment Authority had a direct role in the loss of affordable rental units when it purchased the apartment building to expand Levy Park. There was no discussion about the need to replace the affordable apartments that would be torn down. The Upper Kirby Redevelopment board has taken a more pro-active role in its development than the other districts. It purchased buildings to add to Levy Park's acreage. Upper Kirby has also become the least affordable of the districts with even fewer rental choices for low income families and individuals than Uptown. Upper Kirby has had a smaller ratio of affordable to market rate rental units than Uptown since at least since 1990. Unlike Uptown, large rent increases in the TIRZ's older properties followed the creation of the TIRZ and the construction of new large multi-family properties.

There has been a lot of new development in OST/Almeda TIRZ which has caused the median value of owner-occupied housing to increase overall from 2000 to 2016. It is not clear how meaningful that is because 7 of the 15 tracts saw a decline in median value. The district did have a net loss of affordable rental units. Most of the new construction has been on the western edge of the district near fast appreciating areas like the Medical Center and the Museum District, so the higher rents may be due to spillover from these areas rather than be connected to the TIRZ.

Southwest Houston TIRZ has not had much new development following its designation and higher property values have not followed as a result. The increased housing cost burden borne by its residents is the consequence of lower incomes, not higher rents.

Uptown TIRZ 16

The size of the tax increment that has been produced is an astounding amount of money to be controlled by a handful of unelected people in the commercial real estate industry. The City Council is supposed to approve the project plan and the budgets, but it is doubtful that the Councilmembers read the documents with a critical eye. In reading through dozens of ordinances related to these TIRZs I found only one that was not approved unanimously, and there was only one dissenting vote.

In order to avoid similar situations where a small group of people has control over a large amount of tax revenue for thirty (or forty) years, it would be advisable to have a ceiling put on the amount of increment that could be collected, regardless of the increase in property values.

It is important that areas such as Uptown, with few if any protected affordable housing, require that some of the increment allocated to affordable housing be used within its boundaries.

Upper Kirby TIRZ 19

The Upper Kirby TIRZ was formed with the input of savvy neighborhood leaders who knew what economic development tools were available and how to use them. There had been an Upper Kirby Foundation for several years that purchased a small office building to house local non-profit organizations. The Upper Kirby TIRZ board members and affiliates were also well-connected to foundations and wealthy individuals who could help provide matching grants or raise funds quickly to take advantage of unexpected opportunities. The circumstances in which the Upper Kirby TIRZ was formed and its leadership have allowed it to accomplish visible and lasting improvements in the zone.

For those with enough money to live there, the quality of life has definitely improved. Purchasing the older apartment complex to expand Levy Park was an appropriate use of its powers, but I do not know if giving the displaced residents a few months notice and one month of rent in compensation was fair. Depending on how difficult it was to find a replacement apartment, the TIRZ could have offered to help assist the residents find a new place to live or taken a cue from California’s new displacement requirements.

Given the vast resources of the TIRZ and its track record of accomplishing what it has set out in its plan, Upper Kirby TIRZ could create an affordable housing funding stream to use within its boundaries. The TIRZ and its partners could work with the City’s Housing Authority to find a site that would be amenable to all parties.

OST/Almeda TIRZ

One of the criticisms mentioned previously was the lack of flexibility for contingencies in committing to using funds in a specific geographic area, but in practice there seems to be a high degree of flexibility when a project or goal loses favor to move onto something else.

Perpetually putting affordable housing as a line item in the budget without actually allocating any money towards it is not fulfilling the mission of the organization. TIRZ 7's six project plan amendments point toward a lack of focus by the board of directors. To ensure that providing funding for affordable housing preservation or creation actually happens, the creation papers could require that a specific percentage of each year's budget be allocated to an affordable housing fund. Having a binding timeline ensures that addressing affordable housing needs will stay a priority.

Ever-expanding goals and boundaries make it difficult to determine if the TIRZ is achieving its intended purpose. The project plans should be crafted in such a manner that allows relatively simple evaluation of their progress, such as incorporating SMART goals.

The city should strengthen reporting requirements of all TIRZ boards. The TIRZ should address its progress on each stated goal every year and if there has been no progress made there should be an explanation why.

Southwest Houston TIRZ

The Sharpstown area has several entities working together to "redevelop" and manage its economic development efforts. It had a quantified loss in property value leading up to the TIRZ's creation. It has had a crime problem and a perception of crime problem for some time. It was where many Katrina evacuees ended up. At the time the zone was created it contained one underperforming mall and another that had been converted to offices and a Sears store. It did not have a "town square" besides the mall. The mall became a casualty of consumer preferences, and likely poor management decisions.

The TIRZ decision makers made the mistake of creating a TIRZ without getting an enforceable agreement from the Mall owners, requiring them to act on their concrete redevelopment plan within a short window of time. Because the Mall had such an outsized impact on the rest of the TIRZ, the other projects planned by the TIRZ were left waiting around when nothing came of the mall redevelopment. Some states require that a project plan be approved before a TIRZ is even created, which seems like a good way to prevent TIRZs from being created simply because there is a perceived need by community leaders or persuasive consultants.

The purely economic focus of the TIRZ seemed misguided when the crime problem had not been resolved yet. There seems to be an imbalance in multi-family and single-family housing units. The voluntary civic club, composed of the homeowners of the Sharpstown single family neighborhoods, was frequently asking for more help with the constable patrols and needed money to enforce deed restrictions—lots of responsibility for a group of volunteers.

Setting aside funding for a low-income homeownership program and development could help address the neighborhood's renter/ homeowner imbalance. Clearly this area could have benefitted from some intensive neighborhood-level planning and strategic economic development programs, but it has little to show for the tens of millions of tax increment collected.

Policy Implications

The city's aggressive use of Tax Increment Reinvestment Zones raises critical questions about the purpose and effects of TIRZ financing on the overall tax base and trends in general tax revenues available to meet citywide needs. TIRZ usage has undoubtedly been buoyed by the City of Houston revenue cap. Efforts to circumvent the austerity measures that would result from the revenue cap have encouraged convoluted budgetary maneuvers using TIRZ increments.

Many of the projects funded by TIRZs, such as storm water capacity improvements and road safety measures, are the purview of the citywide Capital Improvements Program. Using TIRZ to finance these types of projects suggests that there is a larger problem with how those CIP funds are prioritized and allocated. If there is not enough money in the city budget to fund essential projects, then there is likely not enough revenue being collected. If there is simply too great a need to fund all the essential projects at one time, there should be an equitable formula to prioritize projects citywide. Annually guaranteeing a certain amount of capital improvement funding for a small geographic area regardless of the amount of revenue available to the rest of the city privileges the district over other areas that may have greater needs.

Given that TIRZs can only legally encompass a fraction of a city's property value, choosing where the tool is used should be carefully considered. A popular argument used by proponents is that TIRZs are self-financing, or that they will more than make up the tax revenue that is taken from other parts of the city with a newly created tax increment. It is very difficult to prove or disprove that development would not have occurred but for the creation of a TIRZ. Accordingly, this assertion should not be accepted uncritically. Significant portions of the development that added to the increments in the Uptown and Upper Kirby TIRZs were already underway when the TIRZs were created. Policy makers and the public must decide if it is appropriate for a district that already has significant development momentum to keep its property tax increase to be spent only within its boundaries.

If higher property values are an outcome of TIRZ creation there will likely be displacement of lower income residents. What should the response to indirect displacement be? Maybe there should be a set percentage of increment set aside for affordable housing funding for all TIRZs. What if, like the case of Southwest Houston TIRZ, property values are not raised?

On a similar note, policy makers should decide which problems are appropriately addressed by a TIRZ and who should have a voice about how TIRZ funds are spent. As an example, improvement in "mobility" is frequently listed as a goal of a TIRZ, but mobility is a complex issue with regional implications. Additionally, the most efficacious solutions may not be attractive to TIRZ board members, especially if the board is comprised of large commercial real estate interests only.

Improved transparency is needed to evaluate the efficacy of TIRZ financing as an economic development tool. Basic, current information about the TIRZ districts should be easily accessible to the public. At a minimum updated meeting times and locations should be on the city website with current agendas, minutes, and contact information. More detailed or older documents should be obtainable with minimal effort. A resident of Houston should not have to be a graduate student or investigative journalist to understand what a TIRZ district has accomplished and if it is closely adhering to its project plan.

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